



— | WEST VIRGINIA | —

BOARD OF TREASURY INVESTMENTS

A Component Unit of the State of West Virginia

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

WEST VIRGINIA
**BOARD OF TREASURY
INVESTMENTS**

**Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023**

A Component Unit of the State of West Virginia

James C. Justice, II
Governor

Riley Moore, Chairman
West Virginia State Treasurer

John B. McCuskey
West Virginia State Auditor

Patrick Smith, CPA
Appointed by the Governor

Mark Mangano, Esquire
Attorney at Law
Appointed by the Governor

*Prepared by the Board of Treasury Investments Staff
315 70th Street SE
Charleston, West Virginia 25304
(304) 340-1564
www.wvbt.org*

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August 30, 2023

To: Members of the West Virginia Board of Treasury Investments,
Honorable Members of the Legislature,
And the Citizens of West Virginia

I am pleased to present you with the June 30, 2023, Annual Comprehensive Financial Report (“ACFR”) for the West Virginia Board of Treasury Investments (the “BTI”). The report is a review of the financial and investment conditions of the State of West Virginia’s Consolidated Fund. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. An independent certified public accounting firm has audited the basic financial statements contained in this report.

The BTI was created to oversee and manage the state’s operating funds, also known as the Consolidated Fund. Significant achievements for the year included reaffirmation of the AAAM rating by Standard & Poor’s for the WV Money Market and WV Government Money Market pools, continued outperformance of select pools versus their peer groups, and operating under budget. The ACFR demonstrates the BTI’s commitment to financial accountability and conformity to the highest standards for preparation of state and local government financial reports.

The report is designed to provide a general overview of the State of West Virginia’s Consolidated Fund investments. It was prepared by the Chief Financial Officer and staff of the BTI. These individuals are committed to providing reliable and credible information in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

Riley Moore
State Treasurer
Chairman of the Board

315 70th Street SE • Charleston, WV 25304
304.340.1564 • FAX: 304.341.7095

www.wvbt.org

ACKNOWLEDGEMENTS

Report Prepared By:

West Virginia Board of Treasury Investments
315 70 Street SE
Charleston, West Virginia 25304

Staff:

Kara K. Hughes, Executive Director
Karl V. Shanholtzer III, Chief Financial Officer
Denise R. Baker, Director of Operations
Holly Garner, Investment Accountant
Randy Covert, Investment Accountant

We invite you to visit our web site at www.wvbt.org

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Introductory Section

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August 30, 2023

Members of the West Virginia Board of Treasury Investments

Honorable Members of the West Virginia Legislature

Participants in the State of West Virginia's Consolidated Fund

Citizens of West Virginia

Ladies and Gentlemen:

I am pleased to present you with the June 30, 2023, Annual Comprehensive Financial Report (“ACFR”) for the West Virginia Board of Treasury Investments (the “BTI”). The report is a complete review of the financial status of the State of West Virginia’s short-term operating funds (the “Consolidated Fund”). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. The BTI’s financial statements have been audited by Maher Duessel CPAs. The independent audit provides reasonable assurance that the financial statements for the fiscal year ended June 30, 2023, are free of material misstatement, whether due to fraud or error. The independent audit involved performing procedures to obtain evidence about amounts and disclosures in the financial statements; comprehensive risk assessment as well as assessing the accounting principles used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the BTI’s financial statements for the fiscal year ended June 30, 2023, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The independent auditor’s report is presented as the first component of the financial section of this report.

Management is responsible for establishing and maintaining internal control designed to ensure that the investments of the Consolidated Fund are protected from loss, theft or misuse and that the preparation of the financial statements is in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the evaluation of costs and benefits requires estimates and judgments by management. Management of the BTI has established a comprehensive internal control framework that is designed to provide a reasonable basis for making representations concerning the finances of the BTI. Because the cost of internal control should not outweigh its benefits, the BTI’s comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BTI’s MD&A can be found immediately following the report of the independent auditor in the Financial Section.

Profile of the West Virginia Board of Treasury Investments

The West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government.

The West Virginia State Treasurer’s Office provides a full-time staff for the BTI as well as various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant and one shall be an attorney, and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board. The Board was established by the Legislature to provide prudent fiscal administration, investment, and management for the short-term operating funds of the State of West Virginia.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. As of June 30, 2023, the Consolidated Fund had nearly \$11 billion in total assets. The Consolidated Fund is made up of seven legally separate investment pools and accounts: three external investment pools and four individual investment accounts. A more detailed description of the investment pools and accounts that make up the Consolidated Fund are found in Note 1 of the Notes to the Financial Statements.

In order to properly carry out the investment policy, as described in detail in the Investment Section, the Board has hired various outside service providers. Their roles as fiduciaries are clearly identified in the investment policy to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The Board contracts with Segal Marco Advisors as the investment consultant. The Board requires the consultant to employ a chartered financial analyst or a certified treasury manager to work directly with the BTI. The consultant is responsible for performing investment manager evaluations, suggesting modifications to the investment policy, and performing other services requested by the Board. The Board also hires investment managers who have complete discretion over the timing, selection, and execution of investment trades. The managers are provided explicit written instructions detailing their particular duties and administer the portfolio consistent with the investment policy. The BTI currently contracts with UBS Asset Management (Americas), Federated Hermes and Sterling Capital Management as the investment managers.

In accordance with *WV State Code §12-6C-19*, the Board may charge fees, which are subtracted from the total return on investments, for the reasonable and necessary expenses incurred by the Board in rendering services. All fees collected are deposited in a special account in the State Treasury. The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool.

Investment Activities

The investment policies and strategies for the Consolidated Fund can be found in the Investment Section of this report. The policies are designed to provide safeguards on assets while optimizing return based on each fund's risk parameters.

The return information presented in the Investment Section is calculated by the BTI with the assistance of our consultant, Segal Marco Advisors, and the individual investment managers. The investment return calculations were prepared using a monthly time-weighted rate of return methodology.

Economic Review & Other Financial Information

Heading into the end of fiscal year 2022, expectations were for U.S. gross domestic product (“GDP”) to contract in the final quarter of fiscal year 2022. The final estimate for the fourth quarter of fiscal year 2022 indicated that the U.S. economy shrank by 0.6%. While this represented an improvement from the previous quarter, the U.S. economy had experienced two consecutive quarters of contraction in the economy. Although the unofficial indicator for a recession is two consecutive quarters of economic contraction, many economists believed that it was unlikely that the economy had slipped, or was in danger of slipping, into recession. Other economic data, such as business and consumer spending and employment, supported the argument that the economy might be slowing, but that it was too early to make the call for a recession. The GDP numbers for the first quarter of fiscal year 2023 supported this call, as the first estimate of 2.6% beat the consensus forecasts of 2.3%. The subsequent estimates for the quarter revised GDP growth up to 3.2%. Factors contributing to the stronger than expected growth included a narrowing of the trade deficit, increasing consumer and government spending, and nonresidential fixed investment. The boost from the decline in the trade deficit, which was expected, was viewed as a one-time bump to GDP that would not be repeated in subsequent quarters. There were also expectations that higher interest rates and elevated inflation would present a significant headwind for consumer and business spending. However, the economy proved more resilient than thought, with subsequent quarters surprising to the upside. GDP growth in the second quarter of fiscal year 2023 dipped from the previous quarter, coming in at 2.6% (final estimate – downwardly revised from initial estimate of 2.8%). The data for this quarter indicated that consumer spending was exhibiting signs of slowing but that inflation was beginning to recede. A sharp slide in housing was a significant drag on GDP, subtracting approximately 1.3% from the headline number. The initial estimate for the third quarter fiscal year 2023 appeared to support the opinion that the economy was slowing. The initial estimate of 1.1% was far below the consensus forecast of 2.0%. Data appeared to indicate that businesses may have been preparing for a recession, as there was a decline in private inventory investment and a slowdown in nonresidential fixed investment. Consumers appeared to be undaunted as personal consumption expenditures rose at an annual rate of 3.7%, which was higher than the level in the previous quarter. Subsequent revisions to the initial estimate indicated that third quarter fiscal year 2023 growth was stronger than initially reported. The final revision for the quarter revised growth from 1.1% to 2.0%, which was well ahead of the consensus estimate of 1.4%. The positive revisions indicated that the U.S. economy was stronger than previously thought but also raised concerns that the Federal Reserve (the “Fed”) could become more aggressive if they believed inflationary pressures were not receding. This also stoked fears that the Fed would likely maintain a restrictive monetary policy longer than previously thought. Initial estimates of GDP for the final quarter of fiscal year, as represented by the Atlanta Fed’s GDPNow estimate, placed growth for the final quarter of the fiscal year at 2.4%. Although there were significant headwinds present that could result in an actual GDP measure below the GDPNow estimate, expectations were that the economy likely grew at a rate in excess of 2.0%. A softening in consumer spending in four of the first six months in calendar year 2023, declining consumer demand for goods, slowing real income, growth and declining savings were identified as potential headwinds to continued growth. Economists were

also concerned about the potential decline in consumer spending power as repayment of student loans is set to begin in October 2023.

At the end of fiscal year 2022, economic growth in West Virginia appeared to be poised to a return to growth after shrinking in the third quarter of fiscal year 2022. The release for the final quarter of fiscal year 2022 indicated that the West Virginia economy had grown at a rate of 1.4%, one of only a few states reporting positive growth. This good news carried over to fiscal year 2023, as the first two quarters of the fiscal year had strong economic growth, with the economy growing 4.1% in the first quarter of fiscal year 2023 and 5.2% for the second quarter. These growth rates placed West Virginia's economic performance at eighth and fourth, respectively, among the states. Along with the rest of the U.S., West Virginia's economy faltered in the third quarter of the fiscal year, growing by only 0.2%. This was well below the national average and ranked 47th in the U.S. Economic activity declined broadly across West Virginia industries, with only retail and wholesale trade, transportation and warehousing, and information technology experiencing positive growth during the quarter. As with the prior fiscal year, several economic indicators appeared to indicate that the final quarter of the fiscal year will experience a rebound in economic activity. Economic indicators, such as employment and industry growth, paint a picture of a growing economy, albeit at a lower rate than the rest of the nation.

The unemployment rate remained relatively steady over the fiscal year. The U.S. unemployment rate ended the fiscal year where it started: at 3.6%. Employment data released throughout the fiscal year continued to surprise to the upside with the U.S. adding approximately 339,000 new jobs on a monthly basis. Some of the new jobs were filled by individuals re-entering the employment market, as evidenced by the uptick in the labor force participation rate. The labor force participation rate improved during the fiscal year, rising from 62.2% at the end of fiscal year 2022 to 62.6% at the end of fiscal year 2023. The participation rate continues to remain below the pre-pandemic level of 63.4%. The increase in participation rate did little to ease the shortage of workers as the number of job openings remained high. There was, however, a decline in the number of job openings over the fiscal year. Unfilled positions totaled 11.3 million at the end of fiscal year 2022 and declined to 9.8 million by fiscal year end 2023. These statistics indicate that the labor market has softened somewhat during the fiscal year but continues to remain tight. A tight labor market can be a source of inflationary pressures as workers are in a stronger negotiating position for wages. West Virginia's labor market continued to exhibit strength during the fiscal year, with unemployment falling to its lowest levels on record for the state. The state's unemployment rate fell from 3.6% at the end of fiscal year 2022 to 3.3% by the end of fiscal year 2023. Most economic sectors of the state saw improvement in employment, with only manufacturing and professional and business services declining during the fiscal year.

Inflation, as measured by Core Personal Consumption and Expenditures Less Food and Energy ("Core PCE"), remained elevated and above the Fed's target of 2% during the fiscal year. Core PCE is the preferred measure of the Fed in gauging inflation over the longer run as the Fed views it as a better measure for identifying inflation trends. Core PCE edged up over the first quarter of the fiscal year, ending the quarter at 5.1% annual rate. Over remaining months of calendar year 2022, inflation began to ease, drifting downward to end the quarter at an annual rate of 4.6%. The Fed welcomed the lower inflation numbers but believed that it was too early to determine whether this represented a brief pause or the beginnings of a sustained decline in inflation. The Fed remained concerned about the inflationary pressures presented by the continuing war between Russia and Ukraine, COVID-related lockdowns in China, and a tight U.S. labor market. Over the third quarter of fiscal year 2023, inflation surged in January 2023 before falling back in March 2023. At quarter end, the annual inflation measure was reported at 4.6%. Consumer spending dropped over the quarter, with widespread declines in several spending categories. The only exceptions were increases in spending for housing expenses and health care. Over the last quarter of the fiscal year, inflation remained around 4.6%. Consumer spending showed continued softening as the May 2023 report indicated that consumers had continued to decrease spending, notably decreasing spending on durable

goods amid higher borrowing costs. The Fed, which had slowed the pace of rate hikes in December 2022, hit the pause button at the June meeting to further assess the effects of rate hikes on inflation. There were still concerns that increases in spending on services would continue to provide support for higher inflation since labor markets remained tight and labor costs are more heavily weighted in services businesses as compared to goods businesses.

In January 2023, the U.S. Treasury hit the debt ceiling as the \$2.5 trillion ceiling hike from December 2021 was used up. That month, Treasury Secretary Janet Yellen notified the U.S. Congress that the Treasury would begin implementing extraordinary measures to prevent a default. The initial estimate indicated that the Treasury would run out of money by summer of 2023. With Congress divided, negotiations for a resolution were contentious and dragged on until late May 2023 as both sides were far apart on what they were willing to accept to raise the ceiling. Ultimately a deal was reached, and the Fiscal Responsibility Act of 2023 (the “FRA”) was passed out of the U.S. House of Representatives on May 31, 2023, passed by the U.S. Senate on June 1, 2023 and signed into law by the President on June 3, 2023. Under the provisions of the FRA, the debt ceiling was suspended until January 1, 2025, in exchange for spending caps, the expiration of unused funds appropriated during the COVID-19 pandemic, and the ending of the student loan moratorium. The FRA also contained other provisions that were expected to reduce federal government expenditures. Although the markets hailed the agreement, market participants were concerned about the amount of debt issuance that would be needed to replenish the federal government’s coffers and make whole the federal accounts in which the U.S. Treasury had redeemed or suspended investments. The estimated amount that would need to be raised was as high as \$1 trillion, with that amount hitting the markets over a relatively short period of time. Since the preponderance of the issuances were expected to be in Treasury bills, this raised concerns about whether the markets could absorb that level of issuance and what the effect would be on front-end Treasury rates. The U.S. Treasury began new bill issuances starting in late June, with net issuances totaling \$473.3 billion for the month. The single month total for June was more than the \$469.5 billion total net bill issuances over the first eleven months of the year. While the new bill supply was welcomed as it helped to ease the supply-demand mismatch, the rapid pace of issuance was still a concern as of year-end.

The Fed, which had embarked on an aggressive rate hiking campaign over the last half of fiscal year 2022, kept the figurative foot on the gas over the first half of fiscal year 2023. There were three successive 75 basis point rate hikes to begin the fiscal year before the Fed began easing up, hiking only 50 basis points at the last meeting of calendar year 2023. The Fed was determined to not repeat the mistakes in the 1970’s of ending monetary tightening before inflation was fully under control. In conjunction with the rate hikes, the Fed continued its quantitative tightening (“QT”) campaign, letting its balance sheet shrink as it curtailed reinvestment of the proceeds from interest payments and maturities. The rate at which securities would be allowed to run off was increased in September 2022 from \$30 billion per month in Treasuries and \$17.5 billion per month in agency debt and agency mortgage-backed securities (“MBS”), to \$60 billion and \$35 billion, respectively. Since quantitative tightening had never been attempted at this scale, the effects on rates and the economy were difficult to predict. The FOMC’s initial plan was to slow the runoff once the amount of its securities holdings was judged to be somewhat above the level of ample reserves. While markets generally expected that the Fed would reach this level sometime in 2024, some analysts believed that the Fed would be forced to curtail or end QT by the middle of 2023 as the amount of reserves drained from the banking system would result in unanticipated and unintended consequences.

At their first meeting in calendar year 2023, the Fed again slowed the rate of interest rate increases, opting to only hike rates by 25 basis points at the January/February 2023 meeting. After the meeting, Federal Reserve Chair Jerome Powell (“Chair Powell”), reiterated that the Fed would likely hike rates further over the course of 2023 and that the FOMC would maintain a restrictive monetary policy for longer than was being priced into markets. The markets, however, viewed the reduction in hikes, along with statements from Chair Powell that the “disinflationary process” had begun, as a sign that the Fed had dealt a mortal

blow to inflation and that the Fed would begin easing monetary conditions by calendar year-end. However, the regional banking crisis that unfolded in March 2023 further clouded the outlook for rates going forward. In March 2023, there were two high profile bank failures and several other regional banks whose financial conditions deteriorated as higher interest rates crushed values of long-dated investments owned by the banks. Although the demise of the two banks appeared to stem more from mismanagement rather than a systemic weakness in this sector, the Fed created a new program, called the Bank Term Funding Program (the “BTFP”) to provide liquidity support to eligible banks. The BTFP provided affordable short-term funding for banks by accepting government securities as collateral at par value instead of current market value. Despite market opinion that the Fed would pause its tightening campaign in response to stress in the banking sector, the Fed raised rates by 25 basis points at their next two meetings. The Fed’s rationale was that restricting the economy to fight inflation outweighed uncertainty. At the June 2023 meeting, the final Fed meeting of the fiscal year, the Fed paused rate hikes in order to observe the lagged effects of their previous rate hikes. The Fed funds rate, which had started the fiscal year at a range of 1.50% to 1.75%, ended the year at a range of 5.00% to 5.25%, an increase of 350 basis points in less than a year.

Treasury yields ended the fiscal year significantly higher than where they were at the end of fiscal year 2022 as a result of 350 basis points in FOMC rate hikes during the year. Treasury bill supply also eased somewhat during the fiscal year as the U.S. Treasury increased net bill issuances by approximately \$469 billion over the first eleven months of the fiscal year. Net bill supply increased by another \$473 billion in June 2023 as the U.S. Treasury issued heavily in the bill market to replenish the Treasury’s accounts. Yields across the Treasury curve were up year-over-year, but shape of the Treasury yield curve flattened out in the front-end. For maturities over six months, the curve became even more steeply inverted, as longer rates fell further below short-term rates. One-month T-bills were up by 396 basis points from fiscal year-end 2022 levels. As one moved further out the curve, the amount of increase tapered off. T-bills with a maturity of one year only rose 260 basis points while the 10-year only picked up 83 basis points over the year. The 2-year/10-year spread, long seen as a harbinger of recession when negative, was negative throughout the entire fiscal year. At fiscal year-end, the highest Treasury yield was for six-month bills, which were out-yielding longer date bills, notes and bonds by between 7 to 166 basis points. This environment was very beneficial for the BTI’s investments since approximately 70% of the assets held by the BTI had maturities of 90 days or less and the BTI’s investment managers were primarily investing in short-dated securities to more rapidly pick up increases in rates.

In this environment, performance of the WV Money Market and WV Government Money Market Pools were up significantly from fiscal year 2022, rising throughout the year as the Fed continued their aggressive rate hiking campaign. Net-of-advisor-fee performance in the WV Money Market Pool rose from 0.25% for fiscal year 2022 to 4.09% for fiscal year 2023. WV Government Money Market Pool net-of-advisor-fee performance rose from 0.16% for fiscal year 2022 to 3.86% for fiscal year 2023. Yields on the pools increased steadily throughout the year as the Fed implemented a series of rate hikes totaling 3.50% for the fiscal year. The West Virginia Short Term Bond Pool’s performance rebounded from the prior fiscal year despite the Fed rate hikes, rising from -3.39% for fiscal year 2022 to 1.77% for fiscal year 2023. As a short duration total return bond fund, the return of the pool is composed of two parts: income on investments and changes in the market value of securities held. As lower yielding securities rolled off or were sold off, proceeds were reinvested in securities with higher yields and interest rates. This helped to boost interest, dividend and amortization income by approximately \$7 million over fiscal year 2022 levels. The fair value of pool holdings also improved from the prior fiscal year-end, resulting in a net increase to net position of \$7.8 million for fiscal year 2023 versus the \$34 million decline experienced for fiscal year 2022. However, as the Pool’s manger traded during the fiscal year to manage duration and reposition the pool to take advantage of attractive opportunities, some of the unrealized losses from the prior year were realized, with the pool experiencing realized losses of \$12.6 million during the fiscal year. Performance versus the pool’s benchmark, the ICE BofA 1-3 Year U.S. Corporate & Government Index plus 10 basis points, was still strong for the fiscal year as the investment manager beat the benchmark return of 0.61% by approximately

115 basis points. The outperformance was attributed to the investment manager maintaining the Pool's duration short of the benchmark duration and beneficial sector positioning.

Major Initiatives

- *Standard & Poor's AAAM Rating*

For the seventeenth consecutive year, Standard & Poor's re-affirmed the BTI's AAAM rating on the WV Money Market and WV Government Money Market Pools. Funds with Principal Stability Fund ratings ("PSFRs"), such as the BTI, seek to maintain a stable net asset value. The AAAM PSFR rating is the highest money market rating assigned by Standard & Poor's. For a fund to be eligible for this rating, all investments must carry a Standard & Poor's short-term rating of A-1+ or A-1.

The AAAM rating is based on Standard & Poor's analysis of the fund's credit quality, investment policies, market price exposure, and conservative management. The rating signifies that the safety of the invested principal is excellent, and that there is superior capacity to maintain a stable net asset value at all times. This is achieved through conservative investment practices and strict internal controls.

- *Budget Surplus*

For fiscal year 2023, the BTI ended the year with a budget surplus of \$413,000. The surplus was the result of conservative management of expenditures. With this surplus, the BTI operated in surplus territory for the eighteenth consecutive year.

- *Peer Group Benchmark*

Segal Marco Advisors, the BTI's investment consultant, maintains a peer group benchmark for the WV Money Market and WV Government Money Market Pools. The benchmark for the WV Money Market Pool is composed of a universe of prime money market funds, while the benchmark for the WV Government Money Market Pool comprises government money market funds.

The WV Money Market Pool peer group includes 239 discrete prime money market funds with combined assets of \$915 billion. The Pool ranked first out of the 239 funds for the quarter, 1-year, 3-year and 5-year periods ending June 30, 2023. This high ranking was attributed to the low effective investment management fee paid to the Pool's investment managers. For the year ended June 30, 2023, the effective investment management fee was 2.89 basis points.

The WV Government Money Market Pool peer group comprises 645 discrete government money market funds investing a total of \$4.4 trillion. The performance of the Pool ranked fifth in the 1-year period ending June 30, 2023. Over the 3-year period and 5-year period, the pool was ranked third. As with the WV Money Market Pool, this high ranking versus the peer group was attributed to the favorable investment management fee schedule. For the year ended June 30, 2023, the effective investment management fee was 3.00 basis points.

- *Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the BTI for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual

Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We wish to express our appreciation to many individuals whose dedicated efforts have made this report possible. BTI's success would not be possible without the support and leadership of the Board members, the Legislature, the participants, and the citizens of West Virginia. The BTI's staff, Segal Marco Advisors, UBS Asset Management (Americas), Sterling Capital Management, and Federated Hermes provided diligent and dedicated service in building the BTI as a professional investment organization for the investment of short-term state funds.

Respectfully, I hereby submit the Annual Comprehensive Financial Report of the West Virginia Board of Treasury Investments for the Year Ended June 30, 2023.

Sincerely,



Karl V. Shanholtzer III, CFA, CPA
Chief Financial Officer
West Virginia Board of Treasury Investments



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

West Virginia Board of Treasury Investments

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL OFFICIALS



Riley Moore
WV State Treasurer
Chairman



James C. Justice, II
Governor, State of WV
Vice Chairman



John B. McCuskey
WV State Auditor
Director



Patrick Smith, CPA
Director



Mark Mangano
Director

INVESTMENT PHILOSOPHY

The Board was established by the legislature to provide prudent fiscal administration, investment, and management for the Consolidated Fund. It is the investment philosophy of the Board to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity.

OBJECTIVES

All assets shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk, in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participant investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with State law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.
- Realized gains and losses are recognized by the Funds as they occur.

WEST VIRGINIA

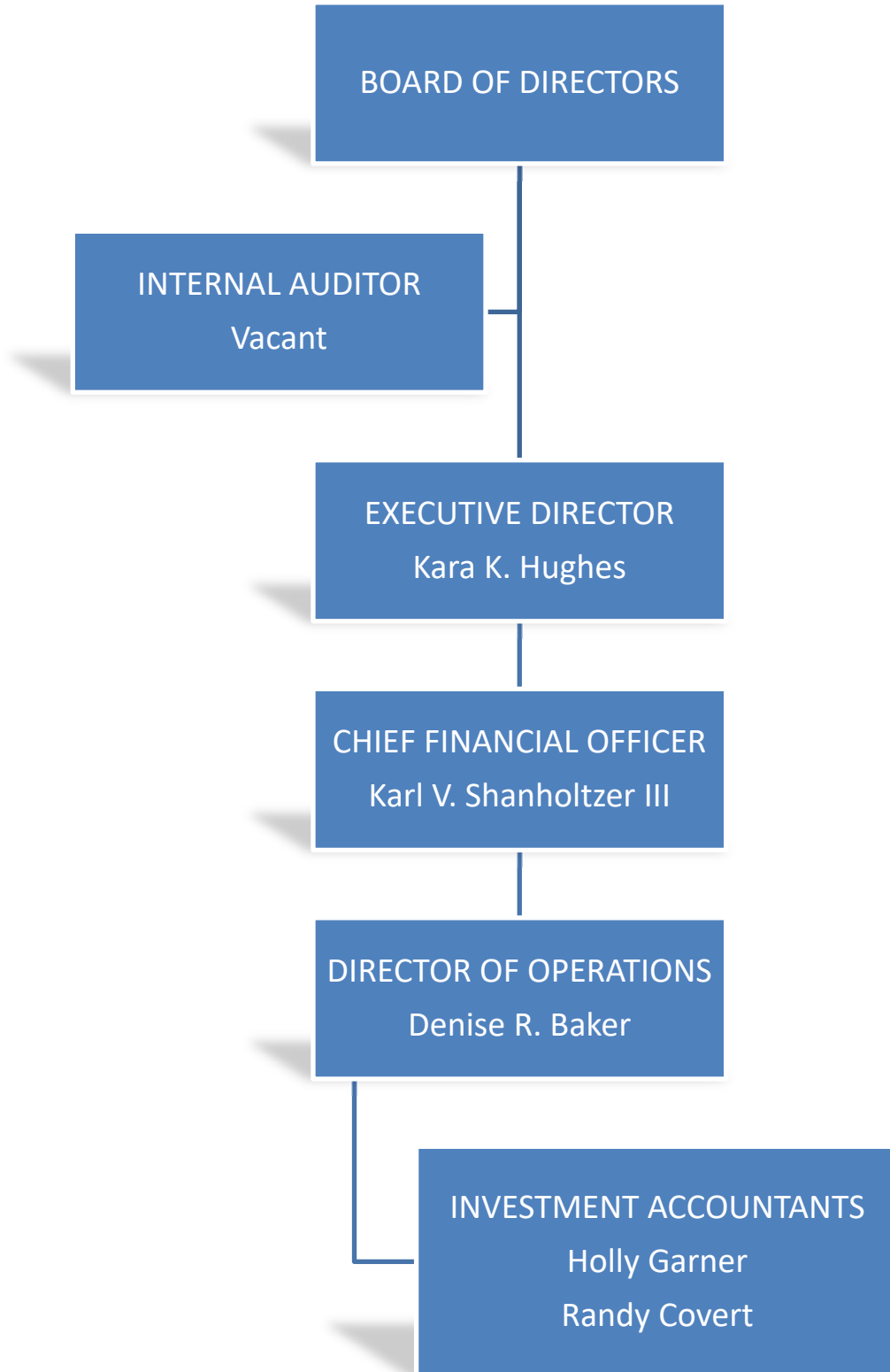
BOARD OF TREASURY INVESTMENTS

MISSION STATEMENT

The Board of Treasury Investments' mission is to prudently invest the funds under its charge, for the benefit of its Shareholders, their constituents and citizens, and to achieve the best return possible for them, by providing focused investment management services, and utilizing financial professionals for the sound administration and oversight of its investment processes.



The BTI staff (from left to right): former internal auditor Shana Clay, Randy Covert, Denise Baker, Kara Hughes, Karl Shanholtzer and Holly Garner.



**CONSULTING AND PROFESSIONAL SERVICES
AS OF JUNE 30, 2023**

INDEPENDENT AUDITOR

Maher Duessel CPAs
Pittsburgh, Pennsylvania

LEGAL COUNSEL

West Virginia State Treasurer's Office
Charleston, West Virginia

INVESTMENT SYSTEM

State Street Global Exchange
Princeton, New Jersey

MASTER CUSTODIAN

BNY Mellon
Pittsburgh, Pennsylvania

INVESTMENT CONSULTANT AND PERFORMANCE MEASUREMENT

Segal Marco Advisors
Atlanta, Georgia

INVESTMENT MANAGERS

Federated Hermes
Pittsburgh, Pennsylvania

Sterling Capital Management
Charlotte, North Carolina

UBS Asset Management (Americas)
Chicago, Illinois

The Schedule of Investment and Management Fees is on Page 89 in the Investment Section of this report.

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Financial Section

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Independent Auditor's Report

**To the Honorable Members of the
West Virginia Board of Treasury Investments
Charleston, West Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the combined fiduciary funds of the West Virginia Board of Treasury Investments (BTI), a component unit of the State of West Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BTI's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the combined fiduciary funds of the BTI, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BTI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the BTI's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BTI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BTI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

To the Honorable Members of the
West Virginia Board of Treasury Investments
Charleston, West Virginia
Independent Auditor's Report

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BTI's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information listed in the table of contents. The other information listed in the table of contents (Introductory Section, Investment Section and Statistical Section) does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maheer Duessel

Pittsburgh, Pennsylvania
August 21, 2023

West Virginia Board of Treasury Investments

Management's Discussion and Analysis

June 30, 2023

As management of the West Virginia Board of Treasury Investments (the "BTI"), we offer readers of the financial statements of the BTI this discussion and analysis of the BTI's financial performance for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented in this section in conjunction with the BTI's financial statements, including notes to the financial statements, which follow this section.

The BTI serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, local governments such as cities and counties, and other political subdivisions throughout the State. The various investment pools and individual investment accounts managed by the BTI are collectively known as the Consolidated Fund. The Consolidated Fund's investment pools and accounts contain short-term fixed income instruments that are managed for the sole benefit of the participants.

Financial Highlights

General revenue tax collections for the fiscal year greatly exceeded expectations, with the general revenue collections beating estimates by approximately \$1.8 billion for the fiscal year. Expectations at the beginning of the fiscal year were that collections would likely fall from prior year levels as economic activity was expected to decline. Instead of falling, collections for fiscal year 2023 were approximately \$596 million higher than the collections for fiscal year 2022. The major contributors to the excess were consumer sales and use tax (\$240 million), personal income tax (\$474 million), corporate net income tax (\$270 million), interest income (\$126 million) and severance taxes (\$696 million). BTI management, again, started the fiscal year with the expectation that investment balances would likely decline over the fiscal year. Road construction and improvement projects funded with proceeds from 2018-19 road bond issuances were either well underway or commenced during the fiscal year, which management believed would result in a faster draw down rate during fiscal year 2023. This was not the case as the total of the road bond proceeds only fell by \$162 million over the fiscal year. This was around half of the amount that was withdrawn in the prior fiscal year. Management also believed that as the state spent and distributed the remaining American Rescue Plan Act ("ARPA") funds, that this would result in a decline of at least \$600+ million during the fiscal year. While \$665 million of the ARPA funds were withdrawn during the fiscal year, more of the funds remained in the pools than expected, as some of the distributions were to state agencies to reimburse eligible expenses or for the other agencies to manage and disburse on eligible grants and projects. The largest contribution to the growth in net position over the year was from the general revenue surplus of \$1.8 billion. Local government investments also increased during the fiscal year, with the WV Money Market Pool picking up approximately \$165 million in local government investments and the WV Government Money Market Pool picking up approximately \$127 million. The majority of the increase in local government investments came from boards of education, in part because some were seeking higher yields and, in one case, because the entity received approximately \$129 million from a bond issuance for school construction. Looking forward, BTI management expects (again) that assets will decline from current levels. During the 2023 Legislative Session, the Legislature passed a broad tax cut package that is expected to result in a decline in revenue collections of between \$400 million and \$600 million. The tax cut package contained a combination of reductions in personal income tax rates, elimination of certain taxes, and rebates for personal property taxes and equipment and property taxes paid

by businesses. In the first year, income tax rates are reduced by an average of 21.25% with the possibility of additional reductions in rates after August 1, 2024, if sales tax collections reach a certain threshold.

Rates of return, net of advisor fees, for the Consolidated Fund's WV Money Market, WV Government Money Market, and WV Short Term Bond Pools were 4.09%, 3.89%, and 1.77%, respectively, for the fiscal year ended June 30, 2023. The performance of the Pools was mostly attributable to a hawkish Fed that hiked rates by 350 basis points during the year. Increases in front-end rates, generally rates up to 6 months, rose more than rates for maturities greater than six months. As an example, one-month Treasury rates rose by 396 basis points where two-year rates were only up 195. The 10-year Treasury gained 83 basis points for the year. In this environment, the two money market Pools experienced performance not seen since June 2008 prior to the Great Financial Crisis. As one investment manager put it, there are people working on the Street that are halfway through their careers that have never seen money market returns at their current level. The WV Short Term Bond Pool experienced substantially better performance in fiscal year 2023 as compared to fiscal year 2022, primarily as a result of the Pool's manager reducing duration during the fiscal year and narrowing credit spreads over the year.

The WV Money Market Pool is structured as a money market fund with the goal of preservation of principal. Returns, net of advisor fees, in the WV Money Market Pool were up year-over-year, rising from 0.25% for fiscal year 2022 to 4.09% for fiscal year 2023. The largest factor in the increased performance was the 350 basis points of rate hikes by the Fed during fiscal year 2023. There was no significant change in investment strategies employed by the Pool's investment managers as the Fed remained hawkish throughout the fiscal year. WAM for the Pool was maintained in the low- to mid- twenty-day range throughout the year. Fixed-rate exposure continued to be limited to securities with a maturity of 90 days or less. Floaters were generally purchased for longer-dated exposure given the daily interest rate reset and spread pick-up to the Secured Overnight Financing Rate ("SOFR"). SOFR, the preferred replacement for LIBOR, represents the average rate at which institutions can borrow US dollars overnight in return for posting Treasury bonds as collateral. Liquidity levels were consistent throughout the year at approximately 25% daily liquidity and 35% weekly liquidity. The outlook for the next fiscal year is for the Fed to hike two more times, once in July 2023 and again in September 2023, and then hold rates at the level over the remainder of calendar year 2023. This will likely result in the Pool's managers beginning to extend the Pool's WAM and increasing allocations to longer-dated fixed-rate securities to lock in yields.

The WV Government Money Market Pool's objective is to preserve capital and maintain sufficient liquidity to meet the daily disbursement requirements of participants, while earning a return above inflation. Returns for the WV Government Money Market Pool increased from the previous fiscal year, with the Pool return, net of advisor fees, increasing from 0.16% in fiscal year 2022 to 3.86% for fiscal year 2023. As with the WV Money Market Pool, the primary driver for increased performance over fiscal year 2023 was an aggressive Fed. At the end of fiscal year 2022, the WAM of the Pool stood at 19 days. Over the course of the fiscal year, this was brought down to the low teens to high single digits. A significant contributor to the low WAM was an increase in allocations to overnight repurchase agreements. By fiscal year-end, the allocation to repo had increased to 43%, nearly double fiscal year-end 2022's allocation of 23%. Agencies were still favored over Treasuries, as agency spreads remained attractive during fiscal year 2023. As a result, the allocation to Treasuries was reduced from 36% of the Pool to approximately 27%. With the higher allocation to repo, the daily liquidity of the Pool rose from 36% to almost 48%. Weekly liquidity was lower however, dropping from 82% of the Pool to 74%. Like the WV Money Market Pool, the Pool's manager will maintain the WAM at current levels and begin extending once it appears that the Fed is done with its rate hike campaign.

The WV Short Term Bond Pool is structured as a mutual fund with the objective of asset growth rather than current income. The benchmark for the WV Short Term Bond Pool is the ICE BofAML 1-3 Year US Corporate & Government Index plus 10 basis points. The fiscal year 2023 net-of-advisor-fee return of 1.77% was 516 basis points higher than fiscal year 2022's return of -3.39%. The Pool continued to beat its benchmark, with the outperformance increasing during the fiscal year. At the end of fiscal year 2022, the

investment manager's performance was ahead of the Pool's benchmark by 37 basis points over their tenure as investment manager for the Pool. By the end of fiscal year 2023, outperformance rose by 18 basis point to 55 basis points ahead of the benchmark return. A majority of this outperformance is due to the investment manager having higher allocations to credit products versus the benchmark. The benchmark constituents are overwhelmingly U.S. Treasury and Agency securities, which make up over 70% of the index, with the remaining 30% in credit products. The WV Short Term Bond Pool is overweight to credit products versus the benchmark, with approximately 20% invested in Treasuries and Agencies and 80% invested in credit. Over fiscal year 2023, U.S. economic performance continued to support valuations in the corporate bond market. Cyclical sectors like basic materials, energy and media outperformed while higher quality bonds underperformed. Credit spreads widened temporarily as the regional banking crisis unfolded in March 2023 before retracing much of the widening to close within 11 basis points of the lowest level of the past twelve months at 0.72%. This helped to boost returns on short duration corporate bonds, which outperformed duration-matched Treasuries by 1.53% for the year. Securitized asset classes were mixed for the year, with agency MBS, commercial mortgage-backed securities underperforming and asset-backed securities securitized by consumer debt outperforming. These factors, along with a lower relative duration and sector positioning, helped drive the outperformance versus the benchmark and lift returns for the fiscal year. The manager expects to maintain the Pool duration short of the benchmark and will extend when it appears that the Fed is at, or close to, the end of its tightening campaign.

Overview of the Financial Statements

This report presents the operating results and financial position of the BTI, which is composed of a proprietary fund and fiduciary fund. The proprietary fund is an internal service fund, or operating fund, used to account for activities that provide investment and administrative services on behalf of the State and other participants in the Consolidated Fund. The fiduciary fund is used to account for the activities of the Consolidated Fund, which is made up of nine legally separate investment pools and accounts. There are three external investment pools, three special-purpose internal investment accounts, and three individual investment accounts, all of which are included in the fiduciary fund. The BTI is the trustee, or fiduciary, for participants in the Consolidated Fund. Financial statements for the proprietary fund and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities.

The Statement of Net Position presents information on the proprietary fund's assets and liabilities, with the difference between the two reported as net position. This statement is categorized into current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement's date.

The Statement of Revenues, Expenses and Changes in Net Position reflects the operating and non-operating revenues and expenses of the proprietary fund for the operating year. Operating revenues primarily consist of investment service fees charged to the Consolidated Fund with significant operating expenses composed of salaries and benefits, investment advisor fees, investment management system expenses, professional service fees, and fiduciary bond fees.

The Statement of Cash Flows reflects the proprietary fund's cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The Statement of Fiduciary Net Position presents information on the fiduciary fund's assets and liabilities, with the difference between the two reported as net position held in trust for investment pool participants and individual investment account holders.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the fiduciary fund for the year. Additions are composed of investment income, such as interest, dividends, and accretion; investment expenses such as investment advisor fees, custodian bank fees, administrative fees; and purchases of pool units, reinvestments of pool distributions, and contributions to individual investment accounts. Deductions represent distributions to pool participants, redemption of units by pool participants, and withdrawals from individual investment accounts.

The State of West Virginia reports the proprietary fund as an internal service fund in its Annual Comprehensive Financial Report. An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments, on a cost-reimbursement basis. The State reports the portions of the Consolidated Fund pools and accounts held by state agencies and component units as investment holdings of those entities within the appropriate fund reporting categories for those entities. The State reports the portions of the Consolidated Fund held by local governments, municipalities, and other political subdivisions as investment trust funds, a type of fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity, and those resources are not available to support operations of that entity.

Financial Analysis of the Operating Fund

Net position. The following is the condensed Statements of Net Position of the proprietary fund, which represents the assets, liabilities, and net position generated by the operating activities of the BTI, as of June 30, 2023 and 2022 (in thousands).

	<u>2023</u>	<u>2022</u>
Current assets	\$ 2,729	\$ 2,390
Noncurrent assets	<u>7</u>	<u>6</u>
Total assets	<u>2,736</u>	<u>2,396</u>
Current liabilities	<u>1,020</u>	<u>858</u>
Total liabilities	<u>1,020</u>	<u>858</u>
Net position:		
Net investment in capital assets	7	6
Unrestricted	<u>1,709</u>	<u>1,532</u>
Total net position	<u>\$ 1,716</u>	<u>\$ 1,538</u>

The net position of the Operating Fund increased by \$178,000 during fiscal year 2023. The increase in net position was the result of an increase in current assets of \$339,000 which was partially offset by an increase of \$162,000 in current liabilities. Noncurrent assets increased by \$1,000 during fiscal year 2023.

The majority of the proprietary fund's net position consists of current assets. Current assets are composed of cash and accounts receivable that will be used to pay investment advisor, custodian, and administrative costs. The current asset balance of \$2,729,000 comprises \$1,419,000 in cash and \$1,310,000 in accounts receivable. The cash balance increased from fiscal year 2022 by \$109,000 while the accounts receivable balance increased by \$230,000 at the end of fiscal year 2023.

The increase in the cash balance was primarily the result of net operating income of \$178,000.

The accounts receivable balance of \$1,310,000 represents fees that have been accrued but not withdrawn from the investment pools at June 30, 2023 to pay investment advisor, custodian, and administrative costs.

In accordance with *WV State Code §12-6C-19*, the Board may charge fees to the pools for reasonable and necessary expenses incurred for rendering services. The fees charged to the pools are categorized into direct expenses (investment advisor and custodian fees) and indirect expenses (administrative costs). As part of the BTI operations, administrative and custodial fees accrued in the investment pools are periodically transferred from the pools to the BTI's operating fund to pay for all necessary and reasonable expenses. Investment advisor and custodial fees are accrued daily or monthly and transferred to the operating fund to coincide with the receipt of advisor and custodial invoices. The periodic nature of these transfers results in the accounts receivable balance. Accounts receivable increased by \$230,000 over the fiscal year-end 2022 balance. This increase was composed of an increase in administrative fees receivable of \$63,000, an increase in advisor fees receivable of \$154,000, and an increase in custodian fees receivable of \$13,000. The increase in administrative fees receivable was the result of a higher level of net position over the last quarter of fiscal year 2023. The administrative fee charged for fiscal year 2023 remained at 1.25 basis points. However, the average net position for the final quarter of fiscal year 2023 was nearly \$2 billion higher than the last quarter of fiscal year 2022. As advisor fees were unchanged for fiscal year 2023, the entire increase in advisor fees receivable resulted from the higher level of assets under management for the last quarter of fiscal year 2023 as compared to the same period in the prior fiscal year. With respect to custodian fees receivable, the increase in the receivable was also due to the higher level of assets under custody in the final quarter of the fiscal year.

Capital assets, net of accumulated depreciation, increased by \$1,000 during the year. The increase was due to purchases of \$4,000 of computer equipment, net of annual depreciation of \$3,000. There were no capital assets retired during fiscal year 2023. See Note 10 to the audited financial statements for more information on capital assets.

The balance of \$1,020,000 in current liabilities represents \$938,000 in accounts payable and \$82,000 of reimbursements due to the West Virginia State Treasurer's Office (the "STO") as of June 30, 2023. Current liabilities increased by \$162,000 as compared to the fiscal year-end 2022 balance. The net increase in current liabilities was composed of an increase of \$151,000 in accounts payable and an increase of \$11,000 in reimbursements due to the STO. The majority of the accounts payable balance represents amounts due for services received from the BTI's investment advisors and consultant for the quarter ending June 30, 2023, custodian fees for May and June 2023, and maintenance costs for the investment management system for June 2023. The net increase of \$151,000 in accounts payable was composed of increases in amounts payable to the BTI's investment advisors and increases in other accounts payable. Investment advisor fees payable increased by \$154,000 due to a higher level of assets under management in the WV Money Market Pool and WV Government Money Market Pool during the final quarter of the fiscal year 2023 as compared to the final quarter of fiscal year 2022. A \$6,000 increase in custodian fees payable was the result of the higher levels of assets under custody in the final two months of fiscal year 2023 as compared to fiscal year 2022. Other accounts payable decreased by \$9,000. The \$82,000 in reimbursements due to the STO was for staffing services provided to the BTI, office space rental and utilities expenses, and the BTI's share of other office expenses paid on the BTI's behalf by the STO. The amount due to the STO was \$11,000 higher than at the end of fiscal year 2022, primarily due to an increase of \$16,000 in amounts payable for staffing services and a decrease of \$5,000 in payables for marketing design services. The increase in amounts payable for staffing were due to three pay periods occurring in June 2023 versus only two pay periods in June 2022. As of June 30, 2023, there were no payables related to marketing design services. Reimbursements for other expenses were comparable to the amounts payable at the end of fiscal year 2022.

Net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position. Capital asset expenditures of \$1,000 or more (\$500 or more for certain computer equipment) are capitalized at cost and reported net of accumulated depreciation. Unrestricted net position represents net position not restricted for use by legal, contractual, or enabling legislation constraints.

Changes in net position. The following is the condensed Statements of Revenues, Expenses and Changes in Net Position of the operating fund for the periods ended June 30, 2023 and 2022 (in thousands).

	<u>2023</u>	<u>2022</u>
Revenues		
Operating revenues:		
Management services	\$ 1,463	\$ 1,198
Advisor and custodian services	<u>3,404</u>	<u>2,804</u>
Total revenues	<u>4,867</u>	<u>4,002</u>
Expenses		
Operating expenses:		
General and administrative	1,283	1,253
Advisor and custodian fees	3,403	2,805
Depreciation	<u>3</u>	<u>3</u>
Total expenses	<u>4,689</u>	<u>4,061</u>
Increase (decrease) in net position	178	(59)
Net position at beginning of year	<u>1,538</u>	<u>1,597</u>
Net position at end of year	<u><u>\$ 1,716</u></u>	<u><u>\$ 1,538</u></u>

Operating revenues at June 30, 2023 consist of investment advisor, custodian, and management fees billed to the pools by the operating fund to cover the cost of providing investment management services. The fees charged to the pools are categorized into direct or indirect expenses. All direct expenses, investment advisor and custodian fees are charged directly to the pools as they are incurred. All indirect expenses, e.g. insurance, staff costs, and rent, are charged to the pools based upon a fixed basis point fee against the net position of the pool. The fees collected are deposited in a special account in the STO created and designated as the Board of Treasury Investments Fee Fund in accordance with *West Virginia Code §12-6C-19*.

Operating revenues for fiscal year 2023 increased by \$865,000. The increase in revenue consisted of an increase of \$265,000 in management (administrative) fees charged to the pools, an increase of \$539,000 in advisor fee revenues, and an increase of \$61,000 in custodial fee revenue.

Advisor fees are computed based upon the fair values of the pools. The average fair value of assets under management were approximately \$2.0 billion higher over the course of fiscal year 2023 for the WV Money Pool, resulting in an increase in advisor fees of \$560,000. Advisor fees for the WV Government Money Market Pool increased year-over-year by \$13,000 as the average fair value of assets under management increased by approximately \$45.0 million from fiscal year 2022 levels. Advisor fees charged to the WV Short Term Bond Pool also decreased during fiscal year 2023, falling by \$34,000 from fiscal year 2022. Average assets under management for the Pool were approximately \$84.1 million lower than fiscal year 2022 levels, resulting in the decrease in the advisor fee year-over-year. Custodian fees increased by a total of \$49,000 as a result of increased assets under management in the WV Money Market Pool and an increase in trading during fiscal year 2023. The increased trading activity during fiscal year 2023 was driven by the increase in assets under management and advisors shortening the weighted average maturity of the WV Money Market in response to the Federal Reserve raising interest rates. Administrative fee revenue decreased by \$265,000 from fiscal year 2022 levels. The fee charged for fiscal year 2023 was unchanged from fiscal year 2022. However, average assets under management during the fiscal year increased by approximately \$1.8 billion from fiscal year 2022 levels.

Total operating expenses for the year increased by \$628,000. This includes an increase of \$30,000 in general and administrative expense and an increase in advisor and custodian fees of \$598,000. Depreciation expense did not vary from the prior fiscal year.

General and administrative expenses represent costs associated with operating the BTI that are not considered directly applicable to investment management. Salary reimbursements, investment consulting fees charged by Segal Marco and fiduciary bond expenses make up the majority of this expense line item. Salary reimbursements and related expenses increased by \$23,000 from the prior year. This increase was the result across-the-board salary increases granted by the Legislature and the replacement of a part-time staff member with a full-time member during fiscal year 2022. Fiscal year 2023 was the first complete year that the position was filled with a full-time staff member. Professional services decreased from fiscal year 2022 levels, falling by \$3,000 year-over-year. The primary components of this decrease were a \$5,000 decrease in contractual and professional reimbursements to the STO and a \$2,000 increase in the rating fees for the WV Money Market and WV Government Money Market Pools. Other general and administrative expenditures increased by \$8,000 from fiscal year 2022. With in-person due diligence visits and conference attendance picking up during fiscal year 2023, travel costs increased by \$1,000 and advertising and promotional expenses increased by \$5,000. Training and development costs increased by \$4,000 as BTI staff registered for more conferences and training during fiscal year 2023. Remaining expenses, such as general office expenses, rent expenses allocated to the BTI by the STO, training expenses and non-capitalizable computer equipment expenditures decreased by a combined \$2,000.

A large portion of the BTI's expenses represent investment advisor fees. The current investment advisors are Federated Hermes, Sterling Capital Management, and UBS Global Asset Management. All investment decisions and trade executions are performed by the investment advisors. The balance of custodian and advisor fee expense is composed of investment advisor fees of \$3,119,000 and custodian fees of \$285,000. Investment advisor fees increased by \$539,000 and custodian fees increased by \$61,000 over fiscal year 2022 levels. Approximately \$560,000 of the net increase in investment advisor fees was the result of an increased level of assets under management in the WV Money Market Pool during fiscal year 2023. The average level for fiscal year 2023 was approximately \$2.0 billion higher than fiscal year 2022 levels. Advisor fees for the WV Government Money Market Pool increased by approximately \$13,000 in fiscal year 2023. The increase resulted from an average increase of \$45 million in assets under management during fiscal year 2023 as compared to fiscal year 2022. There was a decrease in advisor fees of \$34,000 in the WV Short Term Bond Pool. The decrease in the WV Short Term Bond Pool advisor fee was related to a decline of average assets under management, which fell approximately \$84.1 million from the prior fiscal year. Custodian fees increased by \$61,000 during fiscal year 2023, primarily due to the increased assets under management in the WV Money Market and WV Government Money Market Pools and an increase in trading activity over fiscal year 2023.

Financial Analysis of the Consolidated Fund

Net position. The following is combined, condensed Statements of Fiduciary Net Position of the Consolidated Fund fiduciary funds as of June 30, 2023 and 2022 (in thousands).

	2023	2022
Assets		
Investments	\$ 10,955,581	\$ 9,266,973
Receivables	32,569	6,696
Total assets	<u>10,988,150</u>	<u>9,273,669</u>
Liabilities		
Accrued expenses	1,309	1,164
Dividends and purchases payable	11,647	37,810
Total liabilities	<u>12,956</u>	<u>38,974</u>
Net Position		
Held in trust for investment pool participants	10,955,159	9,037,072
Held in trust for individual investment account holders	<u>20,035</u>	<u>197,623</u>
Net position	<u>\$ 10,975,194</u>	<u>\$ 9,234,695</u>

As of June 30, 2023, the Consolidated Fund's net position totaled nearly \$11 billion and was composed almost entirely of investments in securities. Net position as of the end of fiscal year 2023 was over \$1.7 billion higher than the fiscal year-end 2022 net position. The increase in net position was composed of a net increase of over \$1.9 billion in investments by state agencies and local governments in the investment pools. Subtracting from this increase was a decrease of almost \$178 million in investments in individual accounts over fiscal year 2023.

As more fully discussed below, the BTI experienced a net increase in invested funds during fiscal year 2023. All of the investment pools experienced an increase in net position year-over-year, while all of the individual investment accounts decreased over the same time period. The overwhelming majority of the increase was in the WV Money Market Pool, which saw an increase of nearly \$1.8 billion in net position. The WV Government Money Market Pool also increased year-over-year, rising by approximately \$143 million from fiscal year-end 2022. Net position of the WV Short Term Bond Pool increased by \$9.7 million during fiscal year 2023. Net position in all the individual investment accounts declined from fiscal year-end 2022. The State Loan Pool Fell by approximately \$97 million, the Municipal Bond Commission Account ("MBC Account") declined by \$39 million, and the Reserve Pool and WV Bank Pool both decreased by approximately \$20 million each. The School Fund and West Virginia Economic Development Authority Account were down slightly from the prior fiscal year.

The receivables balance is composed of accrued interest and dividends and receivables for investments sold. Receivables increased by \$25.9 million from fiscal year-end 2022 balances. The increase was composed of an increase in interest and dividends receivable of \$19.1 million and an increase in receivables for securities sold of \$6.8 million. As more fully discussed below, the increase in interest and dividends receivable was due to an increase in assets under management and an increase in interest rates during the fiscal year.

In the WV Money Market Pool, interest and dividends receivable increased by \$16.8 million from fiscal year 2022 levels. The primary drivers for this increase were the increase in rates resulting from the 350

basis points in rate hikes by the Fed during the fiscal year and an increase of \$1.7 billion in assets under management year-over-year. The average coupon rate on interest bearing securities more than tripled from the prior fiscal year-end, rising from 1.66% to 5.12% at fiscal year-end 2023. Also contributing to the increase was an increase in interest bearing holdings, which rose from 47% at the end of fiscal year 2022 to 50% at the end of fiscal year 2023.

The interest receivable balance of the WV Government Money Market Pool increased approximately \$0.4 million from fiscal year-end 2022. The Pool held a higher percentage in interest-bearing securities at the end of fiscal year 2023, increasing its holdings from 41% to 60% of the Pool. The average coupon also increased, rising from 1.41% to 5.08%. An increase in assets under management of approximately \$140 million also contributed to the increase in receivables.

Receivables in the WV Short Term Bond Pool increased by approximately \$8.7 million from fiscal year-end 2022 levels. The increase was composed of an increase in interest and dividends receivable of \$1.9 million and an increase in receivables for securities sold of \$6.8 million. The increase in interest and dividends receivable was due to an increase in the average coupon rate of securities held in the Pool and an increase in assets under management. The weighted-average coupon rate rose from 2.03% at the end of fiscal year 2022 to 3.18% at the end of fiscal year 2023. Assets under management increased year over by approximately \$4.0 million, exclusive of changes in the fair value of securities held. The increase in receivables for securities sold was the result of an open trade at the end of fiscal year 2023. There were no open trades at the end of fiscal year 2022.

Interest and dividends receivable in the participant directed investment accounts were little changed from the prior year. Interest receivable in the Municipal Bond Commission Account and Reserve Pool decreased from \$6 thousand and \$19 thousand, respectively, at the end of fiscal year 2022 to zero as both accounts were closed during the fiscal year. The remaining participant directed investment accounts were little changed from the prior fiscal year.

Total liabilities decreased by approximately \$26.0 million from June 30, 2022 levels. Total liabilities consist of accrued expenses, representing accrued manager fees, custodian bank fees and administrative fees, payables for security purchases that settle after fiscal year-end, and dividends payable to participants in the WV Short Term Bond Pool. The majority of the decrease in liabilities was the result of a decrease in amounts payable for securities purchased in the WV Money Market and WV Government Money Market Pools. The liability for investments purchased in the WV Money Market Pool decreased by \$34.9 million from the end of fiscal year 2022, while the liability for investments purchased decreased by \$2.0 million in the WV Government Money Market Pool. There were no unsettled security purchase transactions in either of the Pools at fiscal year-end 2023. Payable for securities purchase increased by \$10.5 million in the WV Short Term Bond Pool. There were no unsettled purchases in this Pool at the end of fiscal year 2022. Dividends payable in the WV Short Term Bond Pool increased by approximately \$0.3 million year-over-year. Pool net income for the final month of the fiscal year was \$1.8 million, which was almost double the amount for June 2022. However, the distribution of approximately \$0.7 million in realized losses in June 2023 lowered the year-over-year increase in dividends payable to around \$0.3 million. Accrued expenses were up approximately \$0.1 million as compared to the end of fiscal year 2022.

Net position is the excess of total assets over total liabilities. As of June 30, 2023, the Consolidated Fund had total net position of approximately \$10.9 billion. The net position consists of funds held in trust for investment pool participants and individual account holders. Investment pool participants are those participants investing in the WV Money Market, WV Government Money Market, and WV Short Term Bond Pools. Net position for investment pool participants increased approximately \$1.9 billion from the prior year due to increases in investments in all three of the investment pools. As more fully discussed below, net position of the individual investment accounts decreased by a combined \$177.6 million during the fiscal year.

Net position of the WV Money Market Pool increased by approximately \$1.8 billion from the prior year. The primary source of the increase was an increase of \$1.6 billion in State agency investments. Local governments also increased their investments in the Pool, investing an additional \$165 million during the fiscal year. The largest increase in state agency investments was the result of an increase in investments of the West Virginia Economic Development Authority (the “WVEDA”) of \$1.0 billion. This increase resulted from appropriations from the Legislature to the WVEDA for economic development projects. State Participation, which represents cash of the General Fund and cash of other state agencies that is not invested for the benefit of a particular agency, experienced the second highest increase, rising by \$908 million during fiscal year 2023. The next largest increase in state agency investments was a \$185 million increase in the accounts of the West Virginia Water Development Authority (the “WDA”). During fiscal year 2023, the WDA received additional grants for economic development. Offsetting these increases, were decreases in amounts invested related to CARES Act and American Recovery Plan stimulus funds (\$665 million decrease) and decreases in the West Virginia Department of Transportation’s (the “DOT”) invested Roads to Prosperity bond proceeds (\$108 million decrease). The total balance of other state agency investments increased by over \$190 million in total.

Net position of the WV Government Money Market Pool increased by approximately \$143.3 million from fiscal year end 2022. State agency deposits, which made up just under 63% of the funds invested in the Pool at the end of fiscal year 2023, increased by \$15.7 million over the course of fiscal year. The increase in state agency deposits was composed of a \$12.6 million increase in amounts invested by the Municipal Bond Commission (the “MBC”). The West Virginia Jobs Investment Trust (“WVJIT”) increased their investments by \$4.3 million while the West Virginia Housing Development Fund investments increased by \$1.9 million. Offsetting these increases was a decrease of \$3.5 million in amounts held in trust by the West Virginia State Treasurer’s Office (the “STO”) for the State Small Business Credit Initiative (the “SSBCI”). Other state agency deposits increased by approximately \$0.3 million. Direct local government investments in the Pool are predominately made by county school boards. Over fiscal year 2023, local government investments increased by \$127.6 million, primarily from a single county school board which invested proceeds from a bond issuance for school construction.

The net position of the WV Short Term Bond Pool increased by \$9.7 million from fiscal year-end 2022. A majority of the increase was from an increase in Pool net investment income and an increase in the fair value of investments over fiscal year 2023. Fair value of investments rose by \$7.7 million during the year as valuations on securities improved despite the significant increase in rates experienced during the fiscal year. Approximately \$16.9 million in net income distributions and \$12.7 million of realized loss distributions (total net distributions of \$4.2 million) were responsible for the remainder of the increase in net position. Offsetting these increases were net participant withdrawals of \$2.2 million during the fiscal year.

Net position held in trust for individual account holders represents individual state agency accounts with specific investment needs. In accordance with State Code, legal ownership of the securities rests with the BTI, with the BTI establishing the number of units and the unit value for each account. Each agency owns 100% of the units of the investments in their accounts and is responsible for providing the BTI with investment guidelines that are consistent with the legal restrictions applicable to the assets in the account. The BTI manages these accounts in accordance with the accounts’ investment guidelines and directions from the account owners. Net position for individual account holders decreased by \$177.6 million from the prior fiscal year.

The MBC account holds investments escrowed to defease certain municipal bond issues. Levels of investment in this account are affected by municipal refinancing/refunding activity levels and the availability of, and yield on, eligible assets. The net position of the MBC Account decreased by \$39.7 million during fiscal year 2023. All the securities held in the account matured over the course of the fiscal year and the proceeds withdrawn. Since there were no new contributions to the account during the fiscal

year, the account was closed in June 2023 with the withdrawal of the proceeds from maturities of the remaining securities held in the account.

Investments in the State Loan Pool fell during the fiscal year, decreasing by \$97.6 million. During the fiscal year, the full \$105.2 million balance of the WVEDA Revolving Loan was paid off and the program closed as the result of a bill passed during the 2022 2nd Special Session. The termination of the program is more fully discussed in Note 7 to the financial statements. Offsetting this decrease, was an increase of \$7.6 million in the balance of the WVEDA Broadband Loan. The increase was for draws by the WVEDA during the year to cover the current outstanding balance of loans insured under the program. The WVEDA Broadband Loan program is more fully discussed in Note 7 to the financial statements.

The net position of the WV Bank Pool decreased by approximately \$20.1 million during fiscal year 2023. There were no funds placed at auction during the fiscal year as rates rose and the minimum required rate for the CD auctions increased. The last CDs in the Pool matured in August 2022. Management expects that the account will be closed by the Board at the August 2023 meeting as there have been no new CDs placed since February 2022 and there appears to be little to no demand going forward.

Net position of the Reserve Pool decreased by \$20 million during the fiscal year as the account was closed in October 2022. The Reserve Pool, which was created in 2008 to provide a backstop for certain securities held in the BTI's rated pools and securities lending collateral pool, was no longer necessary. Since better returns were available in the WV Money Market Pool, the Reserve Pool was closed in October 2022 after the bank deposit agreement expired. The funds were returned to State Participation in the WV Money Market Pool.

The net position of the two remaining investment accounts were down slightly from fiscal year 2022. The net position of the School Fund decreased by \$0.1 million due to participant withdrawals. The West Virginia Economic Development Authority – American Woodmark (“EDA-AW”) account net position fell approximately \$0.1 million as a result of a decline in the fair value of the investment in the account.

Changes in net position. The following is a combined, condensed Statements of Changes in Fiduciary Net Position of the Consolidated Fund fiduciary funds for the years ended June 30, 2023 and 2022 (in thousands).

	Year Ended June 30,	
	2023	2022
Additions		
Net investment income	\$ 394,762	\$ 34,168
Net realized gain (loss)	(12,598)	(595)
Net increase (decrease) in fair value of investments	7,725	(35,431)
Unit purchases and contributions	17,430,822	15,477,105
Total additions	17,820,711	15,475,247
Deductions		
Distributions	381,450	31,139
Unit redemptions and withdrawals	15,698,762	14,328,997
Total deductions	16,080,212	14,360,136
Change in net position	1,740,499	1,115,111
Net position at beginning of year	9,234,695	8,119,584
Net position at end of year	\$ 10,975,194	\$ 9,234,695

Fiscal year 2023 net investment income improved significantly from fiscal year 2022, increasing by \$360.6 million year-over-year. The change in net investment income was primarily due to the monetary policy actions of the Fed in response to high levels of inflation. The Fed increased their benchmark rate by 3.50% over the fiscal year and were signaling that they would maintain rates higher for longer to ensure that inflation was under control. Increases in investments in the WV Money Market and WV Government Money Market Pools also contributed to the increase in net investment income. Net investment income increased in the WV Money Market, WV Government Money Market and WV Short Term Bond Pools. The WV Bank Pool, State Loan Pool, and the MBC Account all experienced decreases in net investment income. The remaining investment accounts were little changed from the prior year. The WV Money Market Pool's net investment income increased by \$344.5 million, accounting for most of the overall net increase. The WV Government Money Market Pool net investment income increased by \$10.6 million from fiscal year 2022 levels. Net investment income in the WV Short Term Bond Pool increased by \$7.1 million from fiscal year 2022. The WV Bank Pool experienced a decrease in net investment income of \$0.1 million. The State Loan Pool's net investment income decreased by \$1.3 million while the MBC Account's net investment income fell by \$0.4 million. Net investment income in the Reserve Pool, School Fund and EDA-AW Account were little changed from fiscal year 2022.

The Fed remained aggressive with rate hikes over fiscal year 2023. During the first three FOMC meetings of the fiscal year, the Fed hiked rates 75 basis points at each meeting, increasing their benchmark rate by 2.25% over the first five months of the fiscal year. After the November 2022 meeting, the Fed eased up on rate hikes, hiking by 50 basis points in December 2022 and then 25 basis points at each of the next three meetings. The Fed rate hikes for the fiscal year totaled 350 basis points, with much of that total in the first five months of the fiscal year. The actions by the Fed were the largest contribution to the increased performance of the two principal stability pools. WV Money Market Pool performance, net of advisor fees, rose by 384 basis points from 0.25% in fiscal year 2022 to 4.09% for fiscal year 2023. In addition to rising rates, the next biggest factor contributing to increased net investment income was the increase of over \$2.0 billion in the average daily net position of the WV Money Market Pool during the fiscal year. The combination of these two factors resulted in an increase of \$344.5 million in net investment income from fiscal year 2022.

The WV Government Money Market Pool experienced a similar increase in performance in fiscal year 2023. Performance, net-of-advisor-fees, was up 370 basis points, rising from 0.16% for fiscal year 2022 to 3.86% for fiscal year 2023. Throughout the fiscal year, the Pool's investment manager maintained higher allocations to overnight repo to capture the impact of higher rates quickly. Additionally, exposure to longer-dated agency floaters was increased where spreads were attractive. With the Pool maintaining a weighted average maturity in the low teens to single digits for most of the year, the effects of increasing interest rates were experienced rapidly by the Pool. An increase in average daily net position of \$45.4 million during the fiscal year also contributed to the increased net investment income. These two factors contributed to an increase in net investment income of \$10.6 million in fiscal year 2023.

The WV Short Term Bond Pool bounced back from a dismal fiscal year 2022. The Pool had recorded its worst fiscal year return on record in 2022, returning -3.39% for the fiscal year. Fiscal year 2023 saw a sharp reversal as the net-of-advisor-fee return for the Pool came in at 1.77%. Net investment income, which is one component of the total return for the Pool, rose by \$7.1 million from fiscal year 2022 levels. The Fed tightening campaign was beneficial to the Pool with respect to net investment income, as the purchase yield on securities rose from an average of 1.59% for fiscal year 2022 to 3.41% for fiscal year 2023. Participant activity did not have a significant impact on net investment income, as participants only withdrew a net of \$2.1 million during the year. As a result of higher investment yields over the fiscal year, net investment income increased by \$7.1 million from fiscal year 2022 levels.

Net investment income in the Loan Pool decreased by \$1.3 million from fiscal year 2022 levels. The decrease was due to a decrease in interest income of \$1.3 million during fiscal year 2023. The primary

driver for the decrease was the termination of the Revolving Loan program in August 2022. The termination of this program resulted in a decrease in net position of approximately \$104 million. The balance of the Broadband Loan increased by \$7.6 million during the fiscal year. The rate for the Broadband Loan, which averaged only 0.09% for fiscal year 2022, rose to an average of 0.92% for fiscal year 2023. The significantly lower overall loan balances for the fiscal year were responsible for the \$1.3 million decrease in net investment income. See Note 7 to the audited financial statements for more information on the loan programs of the Loan Pool.

Net investment income for the MBC Account fell by \$0.4 million from fiscal year 2022. The primary cause of the decrease in net investment income was the lower interest rate levels during the entirety of fiscal year 2023. During fiscal year 2022, the SLGS with an average coupon rate of 1.66% matured and were replaced with \$39.7 million in SLGS with an average coupon rate of 0.19%. These substantially lower earning securities were held eleven months of fiscal year 2023 as compared to fiscal year 2022, where the SLGS earning 1.66% were held for ten months out of the fiscal year. The significantly lower coupon rate on investments held during the fiscal year was the primary reason net investment income decreased year-over-year.

With no funds placed at auction during the fiscal year, net investment income in the WV Bank Pool was down from prior fiscal year levels by \$0.1 million. Net investment income in the Reserve Pool was little changed from the prior fiscal year even though the account was closed in October 2022. The interest rate on the bank account, which reset monthly, reached sufficient levels during fiscal year 2023 to allow the account to earn as much interest in three months as it did in fiscal year 2022. Net investment income for the remaining accounts was comparable to the prior fiscal year.

For the year, the investment pools had a combined net realized loss of \$12.6 million. The net realized loss for fiscal year 2023 was approximately \$12.0 million lower than fiscal year 2022's net realized loss of \$0.6 million. An overwhelming majority of the net losses were realized in the WV Short Term Bond Pool, which had a net realized loss for fiscal year 2023 of \$12.6 million. The net realized losses were the result of trading activity by the portfolio manager to reposition the Pool in response to rising rates and to manage the Pool's duration within investment policy constraints. The WV Money Market and WV Government Money Market Pools had minimal net realized gains/losses during fiscal year 2023. The realized gains/losses in these two Pools were the result of normal trading activity related to generating liquidity, taking advantage of opportunities, or repositioning the portfolio to stay within policy limits.

The net change in fair value was positive for fiscal year 2023 with fair values of pool and account holdings increasing by \$7.7 million. The WV Short Term Bond Pool accounted for all but a small amount of the change in fair value, rising by a total of \$7.8 million over fiscal year 2023. Some portion of the improvement in fair values was the result of unrealized losses becoming realized losses as the investment manager repositioned the Pool to reduce interest rate risk, maintain duration or gain exposure to market sectors with higher expected returns. Although there were more interest rate hikes in fiscal year 2023 than in 2022, strength in the U.S. economy continued to support valuations in areas of the corporate bond market. Credit spreads, which had widened significantly during fiscal year 2022, tightened during the fiscal year, falling by 35 basis points overall. As a result of spread tightening, corporate bonds outperformed similar duration Treasuries during the fiscal year. These factors helped to contribute to an improvement of the fair value of holdings in the WV Short Term Bond Pool. Fair value of the lone holding of the EDA-AW Account, a Treasury security maturing in August 2023, declined by \$0.1 million during fiscal year 2023.

Economic Factors

The Consolidated Fund is designed to address the short-term liquidity needs of the participants which focus on safety of principal, maximization of yield, and conformance with state law and other pertinent legal restrictions. The Board recognizes that risk, volatility, and the possibility of loss in purchasing power are

present to some degree in all types of investments. However, the Investment Policy of the BTI invests assets in a manner that minimizes risks with the primary objectives of safety and liquidity.

The major themes for the fiscal year revolved around inflation, the Fed's response to inflation and the resiliency of the U.S. economy. After experiencing back-to-back quarters of negative growth at the end of fiscal year 2022, the economy bounced back and appeared likely to post four consecutive quarters of GDP growth in excess of 2%. There were signs of some softening in the underlying components, but overall, the economy performed better than expected over a period in which the Fed continued to tighten monetary policy. After a series of 75 basis point rate hikes over the first few months of the fiscal year, the Fed eased on their rate hikes, downshifting to a 50-basis point hike in December 2022. They further slowed the pace of hikes over the last half of the fiscal year, hiking the Fed funds rate by 25 basis points at the next three meetings before pausing in June 2023. The pause in June was only temporary as the markets had priced in likely rate hikes at the July 2023 and September 2023 meetings. Inflation, while elevated, appeared to soften over the last half of the fiscal year. It remained stubbornly high, well above the Fed's target of 2%, and the Fed stated that they were likely to maintain rates at a higher level for longer to ensure that inflation returned to their target. The Summary of Economic Projections released by the Fed after the June 2023 meeting indicated that the FOMC participants expected rates to end calendar year 2023 above 5.50% and end calendar year 2024 at 4.5% or higher. Fed funds futures indicated that market participants were largely in agreement, with no rate cuts projected until mid-2024. The massive tightening by the Fed and other global central banks during the fiscal year had only a modest impact on the overall economy. However, the rate hikes did not come without unintended consequences as they weighed heavily on regional banks. Bank depositors could no longer ignore yields available in money market products and started moving deposits from banks to money market funds as the yield spread between bank deposits and money market products widened significantly. For some banks, this presented a significant problem as they had invested in longer duration assets when yields were extremely low. The value of these holdings declined significantly as the Fed aggressively hiked rates eating into bank capital. In March 2023, two regional banks, Silicon Valley Bank and Signature Bank were closed by regulators as the fair value of assets held by the bank were insufficient to cover deposits. Although depositors ultimately did not experience any losses, this event raised concerns about the health of regional banks specifically and the banking system in general. The Fed moved swiftly to provide a liquidity facility to provide short-term loans to banks collateralized by government securities holdings at par. Regulators also stepped-up oversight on banks to ensure that banks would be able to remain solvent. Yields across the curve were higher over the year, with the front end gaining the most. Yields for maturities in the one-month to six-month range increased the most, flattening the front end of the curve. The long end of the curve inverted early in the fiscal year as the two-year Treasury yields rose above the 10-year Treasury yield. This end of the curve remained inverted throughout the entire fiscal year. By mid-year, yields on the six-month Treasury surpassed all longer-dated Treasuries, resulting in a flattened front end and an inverted yield curve beyond the six-month Treasury. Credit spreads were volatile throughout the year, but eventually came down over the last quarter of the fiscal year to end the year approximately 11 basis points lower than the 12-month high.

As in the prior year, the rising rate environment was very beneficial for the WV Money Market and WV Government Money Market Pools. With the Pool managers maintaining low WAMs throughout the fiscal year, rate hikes were rapidly reflected in the Pool yields. The marked-to-market NAVs of the Pools remained well within guidelines as rates continued their rise throughout the fiscal year, primarily due to conservative management and the investment managers maintaining lower WAMs during the year. The WV Short Term Bond Pool bounced back from a very challenging year. Rising income, narrowing credit spreads and a lower duration all contributed to the Pool's positive return for the year.

General Revenue Fund collections of \$6.48 billion were \$1.85 billion above the official Fiscal Year 2023 estimate and 10.1 percent ahead of prior year receipts. Led by record-setting personal income tax collections during fiscal year 2023, the following five revenue sources accounted for 98 percent of the revenue collection surplus and more than 100 percent of the total General Revenue Fund gain for the year: personal

income tax (\$2.66 billion); severance tax (\$946.5 million); interest income (\$132.5 million); consumer sales tax (\$1.75 billion); and corporation net income tax (\$420.0 million).

Strength in economic activity in the state was responsible for the increases in tax collections from fiscal year 2022 levels. Modest employment growth, coupled robust wage growth, contributed to an increase in personal income tax collections. The latest S&P Global forecast projects total salary and wage disbursement growth of 6.7% in West Virginia in calendar year 2023, which is the sixth highest growth rate among all states. A strong energy sector and solid construction industry activity are contributing factors to the wage growth. Severance taxes benefitted from high natural gas prices over the first half of the fiscal year and rising production. Production grew by an estimated 7.9% percent over the prior year, helping West Virginia to a ranking of fifth highest natural gas producer among U.S. states. However, the average monthly spot natural gas price at Henry Hub fell by 34% over the second half of the fiscal year as demand softened because of relatively mild winter temperatures in the third quarter of the fiscal year. Coal production was also up 7.2% year-over-year in West Virginia, but demand continued to weaken as domestic consumption fell 13.4% in the third quarter of the fiscal year. The average price of U.S. coal exports continued to trend downward from the six-year peak in the final quarter of fiscal year 2022. Fluctuations in commodity prices, demand, supply, and other factors are indicative of industry uncertainties, both globally and domestically. The growth in interest income is almost entirely related to the increasing yields in the West Virginia Money Market Pool. The bulk of the cash for the General Revenue Fund is invested in this Pool, with some smaller allocations to the West Virginia Short Term Bond Pool, State Loan Pool and West Virginia Bank Pool. Increases in consumer sales tax collections were driven by inflation as well as continued strength in consumer spending.

Looking forward, the outlook for General Revenue Fund tax collections is uncertain. West Virginia enacted a significant tax cut bill in March 2023 that reduces personal income taxes in two steps with an added provision for possible additional tax reductions beginning as early as 2025 if certain revenue targets are met. The tax changes begin retroactively in 2023 and individual income tax rates are reduced by 21.25 percent, with the top rate decreasing from 6.5 to 5.1 percent on taxable incomes generally more than \$60,000. All other rates in the graduated rate structure are likewise reduced by 21.25 percent. The projected cost of these rate reductions is \$115 million in the fiscal year ending as of June 30, 2023, \$696 million in Fiscal Year 2024, \$610 million in Fiscal Year 2025, and \$634 million in Fiscal Year 2026. Beginning in 2024, additional individual personal income tax reductions take effect in the form of refundable tax credits based on amounts of local property taxes paid on certain types of property. The refundable tax credits include the amount of property tax paid on qualified motor vehicles such as cars, trucks, and motorcycles, the amount of owner-occupied residential property tax paid by qualified disabled veterans and the amount of tangible personal property taxes paid by qualified small businesses on business inventory, and machinery and equipment.

The Bureau of Business and Economics Research at West Virginia University expects the State's manufacturing sector to maintain annual job growth of nearly 0.8 percent through 2027. Recent developments, such as Nucor building a steel mill in Mason County, West Virginia and Toyota expanding production into hybrids and electric vehicles in Putnam County, West Virginia, hold the potential to bring new jobs to the state. However, this sector's performance may be hampered by increasing interest rates, causing the cost of capital to rise.

The Urban Institute and Brookings Institution's Tax Policy Center recently reported that average revenue growth for all 50 states stalled during the first seven months of fiscal year 2023. Further, state revenue forecasters are projecting slow revenue growth for the fiscal year 2024. Aside from the trend of states enacting rebate payments and tax rate cuts, the winding down of federal stimulus funding is contributing to the slowdown of revenue growth nationwide. Year-over-year growth is projected to be only 0.7 percent for the fiscal year 2024 for the average state. However, the Tax Policy Center goes on to project that West Virginia will increase its state revenue by nearly five percent during this time. Only New Mexico,

Wyoming, Mississippi, and Virginia are projected to see greater growth. Ongoing instabilities in economic conditions and geopolitical circumstances continue to create uncertainties for fiscal year 2024, as analysts urge states to exercise caution in crafting fiscal policy.

Requests for Information

This financial report is designed to provide a general overview of the BTI's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, West Virginia Board of Treasury Investments, 315 70th Street SE, Charleston WV 25304.

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West Virginia Board of Treasury Investments
Statement of Net Position
Proprietary Fund

June 30, 2023

(In Thousands)

Assets	
Current assets:	
Cash	\$ 1,419
Receivables	<u>1,310</u>
Total current assets	2,729
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>7</u>
Total assets	<u><u>2,736</u></u>
 Liabilities	
Current liabilities:	
Accounts payable	<u>1,020</u>
Total liabilities	<u><u>1,020</u></u>
 Net position	
Net investment in capital assets	7
Unrestricted	<u>1,709</u>
Total net position	<u><u>\$ 1,716</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund

For the Year Ended June 30, 2023

(In Thousands)

Operating revenues	
Management services	\$ 1,463
Advisor services	3,119
Custodian services	285
Total operating revenues	<u>4,867</u>
 Operating expenses	
Advisor fees	3,119
Management fees	761
Trustee Fees	4
Professional service fees	253
Fiduciary bond	20
Custodian fees	284
General and administrative	245
Depreciation	3
Total operating expenses	<u>4,689</u>
 Operating income	 <u>178</u>
 Change in net position	 178
Net position at beginning of period	<u>1,538</u>
Net position at end of period	<u><u>\$ 1,716</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Cash Flows
Proprietary Fund

For the Year Ended June 30, 2023

(In Thousands)

Cash flows from operating activities	
Cash received for services	\$ 4,637
Payments to vendors	(4,524)
Net cash provided by operating activities	<u>113</u>
Cash flows from capital and related financing activities	
Purchase of capital equipment	(4)
Net cash used by capital and related financing activities	<u>(4)</u>
Net increase in cash	109
Cash at beginning of period	1,310
Cash at end of period	<u><u>\$ 1,419</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 178
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3
Changes in assets and liabilities:	
Receivables	(230)
Accounts payable	162
Net cash used by operating activities	<u><u>\$ 113</u></u>

Noncash capital financing activities:

The Proprietary Fund purchased computer equipment during fiscal year 2023 costing \$4. As of June 30, 2023, the vendor has not invoiced the Fund for the amount due.

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
 Combined Statement of Fiduciary Net Position
 Fiduciary Funds
 Consolidated Fund

June 30, 2023

(In Thousands)

Assets	
Investments:	
At amortized cost	\$10,251,565
At fair value	704,016
Total investments	<u>10,955,581</u>
Receivables:	
Accrued interest	24,838
Dividends	972
Investments sold	6,759
Total receivables	<u>32,569</u>
Total assets	<u>10,988,150</u>
 Liabilities	
Accrued expenses	1,309
Dividends payable	1,122
Investments purchased	10,525
Total liabilities	<u>12,956</u>
 Net Position	
Held in trust for investment pool participants	10,955,159
Held in trust for individual investment account holders	20,035
Total net position	<u><u>\$10,975,194</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
 Combined Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Consolidated Fund

For the Year Ended June 30, 2023

(In Thousands)

Additions	
Investment income:	
Interest	\$ 212,503
Dividends	8,702
Net amortization	178,424
Total investment income	399,629
Investment expenses:	
Investment advisor fees	3,119
Custodian bank fees	286
Administrative fees	1,462
Total investment expenses	4,867
Net investment income	394,762
Net realized loss from investments	(12,598)
Net increase in fair value of investments	7,725
Net increase in net position from operations	389,889
Participant transaction additions:	
Purchase of pool units by participants	17,034,162
Reinvestment of pool distributions	381,200
Contributions to individual investment accounts	15,460
Total participant transaction additions	17,430,822
Total additions	17,820,711
Deductions	
Distributions to pool participants:	
Net investment income	394,048
Net realized loss from investments	(12,598)
Total distributions to pool participants	381,450
Participant transaction deductions:	
Redemption of pool units by participants	15,505,034
Withdrawals from individual investment accounts	193,728
Total participant transaction deductions	15,698,762
Total deductions	16,080,212
Change in net position	1,740,499
Net position at beginning of period	9,234,695
Net position at end of period	\$ 10,975,194

See accompanying notes to financial statements

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West Virginia Board of Treasury Investments

Notes to Financial Statements

June 30, 2023

1. Organization and Operations

The West Virginia Board of Treasury Investments (the “BTI”) is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia State Code Chapter 12, Article 6C, West Virginia Treasury Investments Act. The West Virginia Legislature established the BTI as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government and to allow the West Virginia Investment Management Board (the “IMB”), which had managed the Consolidated Fund, to focus on the state’s long-term trust investments. The Consolidated Fund is the statutory title of the fund that collectively refers to the investment pools and accounts that the BTI manages. The BTI operates on a fiscal year that begins July 1 and ends June 30. The BTI is considered a component unit of the State and its financial statements are presented in the State’s annual comprehensive financial report.

The accompanying financial statements include the operations of the BTI as well as investment balances and transactions of the individual investment pools and accounts of the Consolidated Fund under management of the BTI. The BTI provides a business-type activity that charges fees on a cost-reimbursement basis and is shown in the separate proprietary fund financial statements. Investment activities of the Consolidated Fund are shown in the separate fiduciary fund financial statements.

The West Virginia State Treasurer’s Office provides direct administrative and management services to the BTI. The BTI does not directly employ a staff but reimburses the Treasurer’s Office for all personnel expenses of Treasury employees assigned to administer and manage the BTI. The Treasurer’s Office also provides various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one is required to be a certified public accountant and one is required to be an attorney, with both having experience in finance, investing and management. The State Treasurer is Chairman of the Board.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The following investment pools and accounts make up the Consolidated Fund:

WV Money Market Pool – This pool consists of the operating funds of the State, funds held by State agencies, and funds from local governments who desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool is co-managed by Federated Hermes and UBS Global Asset Management.

WV Government Money Market Pool – This pool consists of State agency and local government investors who wish to invest in a pool that restricts its investments to U.S. Government Obligations, U.S. Government Agency Obligations, or repurchase agreements backed by U.S. Government and Agency Obligations. The pool is managed by UBS Global Asset Management.

WV Short Term Bond Pool – This pool consists of the operating funds of the State that are not needed immediately to fund the State’s liquidity requirements. The pool is managed by Sterling Capital Management.

WV Bank Pool – This account consists of certificates of deposit purchased by the State through the West Virginia CD Program. The program purchases CDs from state banks and depositories to make state investment funds available for consumer and business loans within the state. The State is the sole participant in this account. The account is expected to close in August 2023 as there have been no CD placements since February 2022.

Loan Pool – This account is composed of intergovernmental loans made by the Consolidated Fund to other state agencies. There are three loan programs authorized by statute that are accounted for in the Loan Pool: the WVEDA Revolving Loan, the WVEDA Broadband Loan, and the WVDOT Infrastructure Investment Revolving Loan. The State is the sole participant in the account. Effective August 26, 2022, the WVEDA Revolving Loan was paid in full and the program was terminated.

Reserve Pool – This account is composed of an interest-bearing depository account with United Bank. The account was created to provide an added layer of security for the WV Money Market and WV Government Money Market Pools. Other funds are transferred to this account as management deems necessary. The objective of this account is to provide support for the WV Money Market and WV Government Money Market Pools to ensure their unit net position does not fall below \$0.9985. The State is the sole participant in this account. This account was closed effective October 19, 2022.

Participant Directed Accounts – The BTI also maintains accounts for individual State agencies with specific investment needs. These accounts are collectively referred to as Participant Directed Accounts, and include the following: Municipal Bond Commission (“MBC”), School Fund, and Economic Development Authority – American Woodmark (“EDA – AW”). Each agency is the sole owner of its account and is responsible for providing the BTI with investment guidelines that are consistent with the legal restrictions applicable to the assets in the account. The BTI manages these accounts in accordance with the accounts’ investment guidelines and directions from the account owners. Effective June 1, 2023, the MBC Account was closed after the MBC withdrew the proceeds of matured investments held in the account. The EDA-AW account is expected to close in August 2023 after the Treasury security held by the account matures.

The BTI is authorized by West Virginia Code Chapter 12, Article 6C, Section 9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a program using financial institutions in the state to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the restrictions in investment types, at no time shall more than seventy-five percent of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association and at no time shall more than five percent be invested in securities issued by a single private corporation or association.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the BTI are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States

of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An internal service fund, which is a type of proprietary fund, is used to account for investment management services provided by the BTI on a cost-reimbursement basis. An investment trust fund, which is a type of fiduciary fund, is used to account for each of the investment pools and accounts of the Consolidated Fund. The Consolidated Fund is composed of three external investment pools (WV Money Market, WV Government Money Market, and WV Short Term Bond) and six individual investment accounts (WV Bank, Loan, Reserve, Municipal Bond Commission, School Fund, and Economic Development Authority – American Woodmark). Effective October 19, 2022, the Reserve account was closed. Effective June 1, 2023, the MBC Account was closed after the MBC withdrew the proceeds of matured investments held in the account.

Budgetary Information

The Board's annual operating budget is appropriated by the Legislature from fees collected by the BTI.

Cash Equivalents

Cash equivalents are short-term investments with maturities when acquired of 90 days or less.

Capital Assets

Capital asset expenditures of \$1,000 (\$500 in the case of certain computer equipment) or more with a useful life greater than one year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three years.

Wages, Compensated Absences, Retirement Plan and Other Postemployment Benefits

The BTI has no employees. The State Treasurer's Office provides administrative and management services to the BTI. As a result, the BTI does not accrue for compensated absences and other postemployment benefits or directly contribute to the state retirement plan. Management services provided are recorded as management fees paid to the State Treasurer's Office.

Income Taxes

The BTI is a public corporation organized under laws of the State of West Virginia and, as such, is exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the BTI is not subject to federal or state income taxes.

Revenues and Expenses – Proprietary Fund

Operating revenues of the BTI's proprietary fund are generated from services provided to the investment pools and accounts of the Consolidated Fund. Revenues of the proprietary fund also are derived from vendor fees charged directly to the investment pools and accounts and paid by the proprietary fund, such as investment advisor fees and custodian fees. Operating expenses of the proprietary fund represent payments for services provided under contract, such as investment advisors and consultants, fiduciary bond fees, and custodian fees; general and administrative expenses of the BTI, such as administrative and management services, trustee fees, office equipment, office supplies, and office space; and depreciation of capital assets. Revenues and expenses are recorded when earned and incurred in accordance with the economic resources measurement focus and the accrual basis of accounting.

Net Position – Proprietary Fund

The net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position, which represent net position not restricted to use by legal, contractual or enabling legislation constraints.

Use of Estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates. The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the statement of financial position date and revenues and expenses for the year then ended are those required in the determination of the allowance for loan losses and amortization of investments. Actual results in the near term could differ from the estimates used to prepare these financial statements.

Investment Accounting

Investment Carrying Value The BTI is an investment vehicle of the State, its component units, and local governments, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, and WV Bank Pools, and Loan Pool account are carried at amortized cost, as permissible under Governmental Accounting Standards Board ("GASB") Statement No. 31, as amended by GASB Statement Nos. 72 and 79. The WV Money Market and WV Government Money Market Pools measure all investments at amortized cost for financial reporting purposes in accordance with criteria established in GASB Statement No. 79. The criteria specify that the Pools must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place any limitations or restrictions on participant withdrawals from the WV Money Market and WV Government Money Market Pools, such as redemption notice periods, maximum transaction amounts, nor possess authority to impose liquidity fees or redemption gates.

The specific exceptions to fair value reporting for the other Pools and accounts referred to above are defined in professional standards as follows. The WV Bank Pool contains nonnegotiable certificates of deposit, which are nonparticipating interest-earning investment contracts. The Loan Pool contains loans receivable arising from lending activities of economic development authorities.

The investments of the remaining pool and participant accounts are reported at fair value, which is determined by third party pricing services based on asset portfolio pricing models and other sources. The BTI measures fair value at the end of each month. See Note 5 for a discussion and summary of the measurement of fair values. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the BTI are a component of the security price quoted by the seller and are included in the investment cost.

Repurchase Agreements The BTI uses only tri-party repurchase agreements. Under the terms of a tri-party repurchase agreement, the seller transfers collateral securities to an account of the BTI's manager/agent at the seller's custodian bank. This arrangement perfects the BTI's lien on the collateral and effectively protects the BTI from a default by the seller. The BTI requires sellers in repurchase transactions to pledge collateral of at least 102% of the cash borrowed from the BTI. If the seller defaults and the fair value of the collateral declines, realization of the collateral by the BTI may be delayed or limited.

Asset-Backed Securities Certain pools invest in various asset-backed securities and structured corporate debt. The pools invest in these securities to enhance yields on investments. Changes in market interest

rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and fair value of the underlying assets.

Investment Transactions Investment transactions are accounted for on a trade date basis.

Investment Gains and Losses Gains and losses on the sale of investment securities are recognized at the time of sale by the average cost method. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Interest Income Interest income is recognized as earned on the accrual method.

Dividend Income Dividend income is recognized on the ex-dividend date.

Amortization Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security. The amortization of asset-backed securities considers the effect of prepayments on the life of the security. The effect of changing prepayment assumptions is reported in the Combined Statement of Changes in Fiduciary Net Position in the year of the change.

Allowance for Loan Losses The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio. At June 30, 2023, the Loan Pool had no allowance for uncollectible loans.

Distributions to Participants The net income of the WV Money Market and WV Government Money Market Pools are declared as dividends and distributed daily to the participants based upon their pro rata participation in the pools. The distributions of net investment income are credited to the participants' accounts in the form of dividend reinvestments in the Pools and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The monthly net income of the WV Short Term Bond Pool is declared as a dividend on the last day of the month and distributed to the participants in the Pool on the first day of the following month. Distributions are paid in the form of reinvestments in the Pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

Expenses Each pool is charged for its direct investment-related cost and for its allocated share of other expenses. The other expenses are allocated to the pools based on asset size. Certain pools are not charged expenses or are charged a reduced expense. The BTI proprietary fund pays all expenses on behalf of the pools and is subsequently reimbursed by the pools.

3. Cash and Cash Equivalents

The proprietary fund's cash on deposit with the State Treasurer's Office was approximately \$1,419,000 at June 30, 2023. The cash is pooled with other deposits from the State's agencies, departments, boards and commissions and is subject to coverage by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the State or its agents in the State's name. Cash equivalents are short-term, highly liquid investments having original maturities of 90 days or less. The proprietary fund did not hold any cash equivalents at June 30, 2023.

Custodial credit risk of cash deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The BTI does not have a deposit policy for custodial credit risk. BTI management does not believe any of its proprietary fund's deposits are exposed to custodial credit risk.

4. Investments and Deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAM by Standard & Poor's. A fund rated AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAM is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any other Consolidated Fund pool or account has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
Corporate Bonds and Notes	A-1	\$ 50,000	0.50%
Commercial Paper	A-1+	2,281,084	23.14
	A-1	4,522,938	45.88
Negotiable certificates of deposit	A-1+	553,000	5.61
	A-1	1,397,000	14.17
Money market funds	AAAm	220,607	2.24
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	512,000	5.19
U.S. Agency bonds and notes	AA+	322,500	3.27
		<u>\$ 9,859,129</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the Pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes *	AA+	\$ 11,997	3.20%
U.S. Treasury bills *	A-1+	3,949	1.06
U.S. agency bonds and notes	AA+	49,500	13.19
U.S. agency discount notes	A-1+	146,775	39.14
Money market funds	AAAm	257	0.07
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	85,000	22.67
U.S. Agency bonds and notes	AA+	77,500	20.67
		<u>\$ 374,978</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt be rated BBB- or higher by Standard & Poor's (or its equivalent) and all short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes *	AA+	\$ 139,870	19.94%
U.S. government agency bonds	AA+	2,351	0.34
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	7,288	1.04
Non-U.S. government guaranteed	AA+	864	0.12
Corporate fixed- and floating-rate bonds and notes	AAA	5,776	0.82
	AA+	5,220	0.74
	AA	6,279	0.90
	AA-	17,640	2.51
	A+	51,316	7.32
	A	57,546	8.20
	A-	103,749	14.81
	BBB+	44,723	6.37
	BBB	21,770	3.10
	BBB-	41,697	5.94
	BB+	3,505	0.50
	NR	11,189	1.59
Collateralized mortgage obligations	AAA	3,071	0.44
	NR	10,606	1.51
Municipal Securities	AAA	9,010	1.28
	AA+	12,571	1.79
	AA	11,095	1.58
	AA-	7,693	1.10
	NR	2,764	0.39
Asset-backed securities	AAA	97,491	13.90
	NR	17,814	2.54
Money market funds	AAAm	8,652	1.23
		\$ 701,550	100.00%

NR = Not Rated. Securities are not rated by Standard & Poor's but are rated by Moody's, Fitch and/or DBRS Morningstar.

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$65,000. The mutual fund is rated AAAm by Standard & Poor's. The BTI does not have a policy specifically addressing credit risk in the WV Bank Pool.

The Loan Pool is composed of loans made by the State. The account holds intergovernmental loans and an investment in a money market mutual fund of approximately \$69,000. The mutual fund is rated AAAm by Standard & Poor's. The loans are not rated; however, because there is the potential for defaults on the loans, the account is subject to credit risk related to the loans. The BTI addresses this credit risk by establishing and regularly evaluating a reserve for uncollectible loans.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,019,000. The mutual fund is rated AAAM by Standard & Poor's. The BTI does not have a policy specifically addressing credit risk in the School Fund Account.

The EDA-AW Account holds a U.S. Treasury bond valued at approximately \$1,446,000 and an interest in a money market mutual fund valued at approximately \$1,000. The mutual fund is rated AAAM by Standard & Poor's. The BTI does not have a policy specifically addressing credit risk in the EDA-AW Account.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Corporate bonds and notes	\$ 50,000	15
Commercial paper	6,804,022	25
Negotiable certificates of deposit	1,950,000	56
Repurchase agreements	834,500	3
Money market funds	220,607	3
	\$ 9,859,129	29

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 11,997	3
U.S. Treasury bills	3,949	90
U.S. agency bonds and notes	49,500	3
U.S. agency discount notes	146,775	36
Repurchase agreements	162,500	3
Money market funds	257	3
	\$ 374,978	17

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 30 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2023, the effective duration of the benchmark was 672 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes	\$ 139,870	709
U.S. government agency bonds	2,351	530
U.S. agency collateralized mortgage obligations	8,152	63
Corporate fixed-rate bonds and notes	355,045	660
Corporate floating-rate bonds and notes	15,365	(39)
Commercial mortgage-backed securities	13,677	346
Municipal Securities	43,133	374
Asset-backed securities	115,305	618
Money market funds	8,652	-
	\$ 701,550	609

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$65,000. The money market mutual fund has a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this account arising from increasing interest rates.

The Loan Pool holds an interest in a money market mutual fund in the amount of approximately \$69,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this account arising from increasing interest rates.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,019,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this account arising from increasing interest rates.

The EDA-AW Account holds a U.S. Treasury bond valued at approximately \$1,446,000 that matures August 15, 2023 and an interest in a money market fund valued at approximately \$1,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this account arising from increasing interest rates.

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. There were no deposits held in the pools and accounts as of June 30, 2023. The BTI does not have a deposit policy for custodial credit risk.

5. Investments Measured at Fair Value

The BTI measures the WV Short Term Bond Pool, the School Fund Account and the EDA-AW Account at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The BTI categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table summarizes the recurring fair value measurements of the investment securities in the WV Short Term Bond Pool in accordance with the fair value hierarchy levels as of June 30, 2023 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 139,870	\$ -	\$ -	\$ 139,870
U.S. Government agency bonds	-	2,351	-	2,351
U.S. agency collateralized mortgage obligations	-	8,152	-	8,152
Corporate fixed-rate bonds and notes	-	355,045	-	355,045
Corporate floating-rate bonds and notes	-	15,365	-	15,365
Commercial mortgage-backed securities	-	13,677	-	13,677
Municipal Securities	-	43,133	-	43,133
Asset-backed securities	-	115,305	-	115,305
Money market funds	8,652	-	-	8,652
	\$ 148,522	\$ 553,028	\$ -	\$ 701,550

The valuation methodologies and inputs presented below are used in the fair value measurements for investments in securities in the WV Short Term Bond Pool classified as Level 2 in the preceding table.

U.S. Government Agency Bonds

Level 2 U.S. government agency bonds and notes are priced using spread, yield and price-based evaluations. For spread- and yield-based evaluations, a bullet (non-call) spread scale is created for relevant maturities for each issuer. The spreads are based on the new issue market, secondary trading and dealer quotes. For price-based evaluations, evaluators use recently executed transactions of similar securities and dealer quotes to arrive at appropriate pricing.

U.S. Agency Collateralized Mortgage Obligations

Level 2 U.S. agency collateralized mortgage obligations are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

Corporate Fixed-Rate Bonds and Notes

Level 2 corporate fixed-rate bonds and notes are priced using spread, yield and price-based evaluations. For spread- and yield-based evaluations, a bullet (non-call) spread scale is created for relevant maturities for each issuer. The spreads are based on the new issue market, secondary trading and dealer quotes. For price-based evaluations, evaluators use recently executed transactions of similar securities and dealer quotes to arrive at appropriate pricing.

Corporate Floating-Rate Bonds and Notes

Level 2 corporate floating-rate bonds are evaluated by calculating current and future coupons, then discounting each cash flow by an appropriate discount margin. A basic yield scale covering a range of quality ratings and maturities is established for the corresponding indices. The yield scale consists of discount margins obtained from primary and secondary dealers in the new issue market. Final yields are calculated by adding the appropriate discount margin to each forward rate plus special adjustments to

capture issue-specific characteristics, as applicable. The resulting yields are then used to discount each expected cash flow.

Commercial Mortgage-Backed Securities

Level 2 commercial mortgage-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, third-party real estate analysis, and prevailing market conditions.

Municipal Securities

Level 2 municipal securities are evaluated based on factors such as trading activity reported through the Municipal Securities Rulemaking Board's Real-time Transaction Reporting System, levels on bellwether issues, established trading spreads between similar issuers or credits, historical trading spreads over widely accepted market benchmarks, new issue scales and other relevant market data.

Asset-Backed Securities

Level 2 asset-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

The School Fund Account holds a money market fund reported at a fair value of \$1,019,000 using Level 1 inputs.

The EDA-AW Account holds a U.S. Treasury bond reported at a fair value of \$1,446,000 using Level 1 inputs. This account also holds a money market fund reported at a fair value of \$1,000 using Level 1 inputs.

6. Capital Assets

Capital asset activity in the proprietary fund was as follows (in thousands):

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Equipment, at cost	\$ 20	\$ 4	\$ -	\$ 24
Accumulated depreciation	(14)	(3)	-	(17)
Equipment, net of accumulated depreciation	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 7</u>

7. Related Party Transactions

Intergovernmental Investments

The BTI is required by law to enter into certain investment transactions with other state entities. At June 30, 2023, the BTI's intergovernmental investments, which are assets of the Loan Pool, included the following:

- a. The "WVEDA Revolving Loan" was an obligation of the West Virginia Economic Development Authority (WVEDA). The terms of the loan program required the BTI to make available on a revolving basis up to \$200,000,000, subject to a liquidity determination, for the WVEDA to use to fund economic development initiatives. The interest rate was reset on July 1 of each year and was based on fifty percent of the loan rate received by the WVEDA for loans made under the program. The rate had a 1% annual adjustment cap. The WVEDA made monthly principal and interest payments calculated on a 120-month amortization of the outstanding balance. During the 2022 2nd Special Session, the Legislature passed Senate Bill 2001. Senate Bill 2001, which became effective April 26, 2022, created the Economic Development Project Fund within the WVEDA. Provisions of Senate Bill 2001 require the WVEDA to repay the outstanding balance of the WVEDA Revolving Loan within 30 days of the deposit of sufficient funds into the Economic Development Project Fund. Upon repayment of the outstanding balance, the WVEDA Revolving Loan will be terminated, and no more loans may be made under the loan program. During the month of August 2022, the WVEDA received an appropriation that resulted in sufficient funds being deposited into the Economic Development Project Fund to repay the full outstanding balance of the WVEDA Revolving Loan. The full balance was paid to the BTI on August 26, 2022 and the loan program was closed.
- b. The "WVEDA Broadband Loan" represents an obligation of the WVEDA. Under the statutory provisions governing the loan program, the BTI is required to make available to the WVEDA, from the Consolidated Fund, up to \$80 million to insure the payment or repayment of any debt entered into by an entity for purposes of expanding broadband services to unserved and underserved areas of the state. The loan is structured as a non-recourse, revolving loan that is payable by the WVEDA solely from moneys received in respect to the insured debt instruments. The WVEDA may not insure more than \$20 million per entity in one calendar year. The loan has a variable rate equal to the 12-month average yield on the WV Money Market Pool. The rate resets quarterly and the maximum annual adjustment may not exceed 1.00%. For the quarter ending June 30, 2023, the annualized rate is 1.28%. The WVEDA is required to make quarterly payments to pay all accrued interest on the loan for the prior quarter. On a quarterly basis, the WVEDA determines the outstanding balance of the insured debt covered by the loan and adjusts the outstanding balance of the loan to equal the outstanding balance of the insured debt. At June 30, 2023, the outstanding balance was \$17,324,000.

As of June 30, 2023, the WVEDA has provided the BTI with Notices of Intent to Request Advance (the "Notices") indicating that the WVEDA has committed to provide insurance for broadband expansion related debt instruments totaling \$49,601,000. The loan insurance commitments cover ten broadband expansion related debt instruments for five separate broadband service providers. The WVBTI has transferred \$17,324,000 to the WVEDA for outstanding balances on insured debt instruments. The remaining \$32,277,000 committed for loan insurance is held by the West Virginia State Treasurer's Office in an account in the West Virginia Money Market Pool. As of June 30, 2023, the insured debt instruments are in good standing and the likelihood of a default appears remote.

- c. The "WVDOT Infrastructure Investment Revolving Loan" represents an obligation of the West Virginia Department of Transportation (the "WVDOT"). During the 2022 2nd Special Session, the

Legislature passed Senate Bill 2001. Under the provisions of Senate Bill 2001, the BTI is required to make available to the WVDOT, from the Consolidated Fund, up to \$200 million for deposit in the Infrastructure Investment Reimbursement Fund (the “Reimbursement Fund”). The WVDOT may make payment of expenses from the Reimbursement Fund that are eligible for cost reimbursement according to an agreement with the federal government pursuant to the Infrastructure Investment and Jobs Act. Reimbursements received by the WVDOT from the federal government are required to be deposited in the Fund. Any balance remaining in the Fund at the end of the fiscal year is required to be transferred back to the Consolidated Fund. Loans made to the WVDOT under this loan program will bear no interest. The loan program will terminate on June 30, 2027. By this date, 100 percent of any expenditures made from the Fund must be repaid. As of June 30, 2023, there is no outstanding balance in this loan program.

Transactions with State Treasurer’s Office

The State Treasurer’s Office provides various services to the BTI, some of which are reimbursed by the BTI, and others of which the Treasurer provides at no cost to the BTI. During the year ended June 30, 2023, the BTI reimbursed the Treasurer’s Office \$828,000 for services, which includes \$760,000 for management services provided by Treasurer’s Office employees. As of June 30, 2023, the BTI had an amount payable to the Treasurer’s Office totaling \$82,000, of which \$72,000 was for management services provided by Treasurer’s Office employees. Also, during the year, the Treasurer’s Office provided services valued at approximately \$20,000 at no cost to the BTI.

8. Risk Management

The BTI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Board members are covered by a \$5 million blanket bond and general liability and property coverage of \$1 million per occurrence through the West Virginia State Board of Risk and Insurance Management (“BRIM”). The BTI has obtained additional coverage of \$5 million faithful performance bond through an outside underwriter. There have been no claims since the inception of the BTI.

9. Effect of New Accounting Pronouncements

The GASB has issued a statement related to financial reporting for public-private and public-public partnership arrangements: Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*. The objective of Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in Statement No. 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a non-financial asset, such as infrastructure, or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for reporting periods beginning after June 15, 2022. Because the BTI does not engage in PPP arrangements, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users: Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of Statement No. 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The provisions of this statement are effective for reporting

periods beginning after June 15, 2022. Because the BTI does not engage in SBITAs that would be subject to this statement, it is not affected by this statement.

The GASB has issued a statement to enhance comparability related to accounting and financial reporting and to improve consistency of authoritative literature: Statement No. 99, *Omnibus 2022*. The objective of Statement No. 99 is to address practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Specifically, Statement 99 provides guidance related to classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and clarification of provisions in Statement No. 87, *Leases*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 99 also extends the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. The provisions of this statement have effective dates that range between immediately upon issuance of the statement to fiscal years beginning after June 15, 2023. The BTI does not engage in activities that would be subject to this statement, so it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for requirements for accounting changes and error corrections: Statement No. 100, *Accounting Changes and Error Corrections*. The objective of Statement 100 is to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions of this statement are effective for reporting periods beginning after June 15, 2023. The BTI will implement the provisions of Statement 100 in fiscal year 2024. The BTI expects implementation will not have a significant impact on financial reporting unless there is an accounting change or error correction that is subject to the provisions of this statement.

The GASB has issued a statement updating the recognition and measurement guidance for compensated absences: Statement No. 101, *Compensated Absences Accounting Changes and Error Corrections*. The objective of Statement 101 is to better meet the information needs of financial statement users. The provisions of this statement are effective for reporting periods beginning after December 15, 2023. Because the BTI does not have any employees, it is not affected by this statement.

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West Virginia Board of Treasury Investments
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 Consolidated Fund

June 30, 2023

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Assets					
Investments:					
At amortized cost	\$ 9,859,129	\$ 374,978	\$ -	\$ 65	\$ 17,393
At fair value	-	-	701,550	-	-
Total investments	<u>9,859,129</u>	<u>374,978</u>	<u>701,550</u>	<u>65</u>	<u>17,393</u>
Receivables:					
Accrued interest	19,329	478	4,930	-	67
Dividends	937	2	22	-	7
Investments sold	-	-	6,759	-	-
Total receivables	<u>20,266</u>	<u>480</u>	<u>11,711</u>	<u>-</u>	<u>74</u>
Total assets	<u>9,879,395</u>	<u>375,458</u>	<u>713,261</u>	<u>65</u>	<u>17,467</u>
Liabilities					
Accrued expenses	1,120	51	137	-	1
Dividends payable	-	-	1,122	-	-
Investments purchased	-	-	10,525	-	-
Total liabilities	<u>1,120</u>	<u>51</u>	<u>11,784</u>	<u>-</u>	<u>1</u>
Net Position					
Held in trust for investment pool participants	9,878,275	375,407	701,477	-	-
Held in trust for individual investment account holders	-	-	-	65	17,466
Total net position	<u>\$ 9,878,275</u>	<u>\$ 375,407</u>	<u>\$ 701,477</u>	<u>\$ 65</u>	<u>\$ 17,466</u>

(Continued)

Reserve Pool	Municipal Bond Commission Account	School Fund Account	Economic Development Authority - American Woodmark Account	Total
\$ -	\$ -	\$ -	\$ -	\$ 10,251,565
-	-	1,019	1,447	704,016
-	-	1,019	1,447	10,955,581
-	-	-	34	24,838
-	-	4	-	972
-	-	-	-	6,759
-	-	4	34	32,569
-	-	1,023	1,481	10,988,150
-	-	-	-	1,309
-	-	-	-	1,122
-	-	-	-	10,525
-	-	-	-	12,956
-	-	-	-	10,955,159
-	-	1,023	1,481	20,035
\$ -	\$ -	\$ 1,023	\$ 1,481	\$10,975,194

West Virginia Board of Treasury Investments
 Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Consolidated Fund

For the Year Ended June 30, 2023

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Additions					
Investment income:					
Interest	\$ 187,475	\$ 6,026	\$ 18,324	\$ 6	\$ 441
Dividends	8,435	12	190	5	20
Net (amortization) accretion	174,341	5,139	(1,038)	-	-
Total investment income	<u>370,251</u>	<u>11,177</u>	<u>17,476</u>	<u>11</u>	<u>461</u>
Investment expenses:					
Investment advisor fees	2,615	86	418	-	-
Custodian bank fees	251	15	20	-	-
Administrative fees	1,293	52	106	2	7
Total investment expenses	<u>4,159</u>	<u>153</u>	<u>544</u>	<u>2</u>	<u>7</u>
Net investment income	366,092	11,024	16,932	9	454
Net realized gain (loss) from investments	13	-	(12,611)	-	-
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>7,759</u>	<u>-</u>	<u>-</u>
Net increase in net position from operations	366,105	11,024	12,080	9	454
Participant transaction additions:					
Purchase of pool units by participants	16,561,922	472,238	2	-	-
Reinvestment of pool distributions	366,105	11,024	4,071	-	-
Contributions to individual investment accounts	-	-	-	15	15,351
Total participant transaction additions	<u>16,928,027</u>	<u>483,262</u>	<u>4,073</u>	<u>15</u>	<u>15,351</u>
Total additions	17,294,132	494,286	16,153	24	15,805
Deductions					
Distributions to pool participants:					
Net investment income	366,092	11,024	16,932	-	-
Net realized gain (loss) from investments	13	-	(12,611)	-	-
Total distributions to pool participants	<u>366,105</u>	<u>11,024</u>	<u>4,321</u>	<u>-</u>	<u>-</u>
Participant transaction deductions:					
Redemption of pool units by participants	15,162,906	339,968	2,160	-	-
Withdrawals from individual investment accounts	-	-	-	20,165	113,434
Total participant transaction deductions	<u>15,162,906</u>	<u>339,968</u>	<u>2,160</u>	<u>20,165</u>	<u>113,434</u>
Total deductions	<u>15,529,011</u>	<u>350,992</u>	<u>6,481</u>	<u>20,165</u>	<u>113,434</u>
Change in net position	1,765,121	143,294	9,672	(20,141)	(97,629)
Net position at beginning of period	8,113,154	232,113	691,805	20,206	115,095
Net position at end of period	<u>\$9,878,275</u>	<u>\$ 375,407</u>	<u>\$ 701,477</u>	<u>\$ 65</u>	<u>\$ 17,466</u>

(Continued)

<u>Reserve Pool</u>	<u>Municipal Bond Commission Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Total</u>
\$ 72	\$ 68	\$ -	\$ 91	\$ 212,503
1	-	39	-	8,702
-	-	-	(18)	178,424
<u>73</u>	<u>68</u>	<u>39</u>	<u>73</u>	<u>399,629</u>
-	-	-	-	3,119
-	-	-	-	286
-	1	-	1	1,462
<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>4,867</u>
73	67	39	72	394,762
-	-	-	-	(12,598)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>7,725</u>
73	67	39	38	389,889
-	-	-	-	17,034,162
-	-	-	-	381,200
93	1	-	-	15,460
<u>93</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>17,430,822</u>
166	68	39	38	17,820,711
-	-	-	-	394,048
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,598)</u>
-	-	-	-	381,450
-	-	-	-	15,505,034
20,173	39,748	118	90	193,728
<u>20,173</u>	<u>39,748</u>	<u>118</u>	<u>90</u>	<u>15,698,762</u>
20,173	39,748	118	90	16,080,212
(20,007)	(39,680)	(79)	(52)	1,740,499
<u>20,007</u>	<u>39,680</u>	<u>1,102</u>	<u>1,533</u>	<u>9,234,695</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023</u>	<u>\$ 1,481</u>	<u>\$ 10,975,194</u>

West Virginia Board of Treasury Investments
Schedule of Investments in Securities
June 30, 2023
(In thousands)

WEST VIRGINIA MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Corporate Bonds and Notes</i>							
Bank of America NA		5.260 % F	5.260 %	12/15/2023	50,000	\$ 50,000	\$ 49,993
Total Corporate Bonds and Notes	0.5%					50,000	49,993
<i>Commercial Paper</i>							
Atlantic Asset Securities Corporation		0.000	5.132	07/03/2023	100,000	99,972	99,958
Chariot Funding LLC		0.000	5.132	07/03/2023	49,654	49,640	49,633
Starbird Funding Corporation		0.000	5.132	07/03/2023	50,000	49,986	49,979
BNG Bank NV		0.000	5.135	07/03/2023	50,000	49,986	49,979
DZ Bank		0.000	5.112	07/03/2023	425,000	424,881	424,824
Nationwide Building Society		0.000	5.140	07/03/2023	100,000	99,972	99,958
UnitedHealth Group Inc		0.000	5.148	07/03/2023	150,000	149,958	149,937
Anglesea Funding		0.000	5.167	07/05/2023	100,000	99,943	99,930
Barclays Bank PLC		0.000	5.405	07/05/2023	25,000	24,985	24,982
Barton Capital Corporation		0.000	5.144	07/05/2023	40,000	39,977	39,972
Great Bear Funding LLC		0.000	5.167	07/05/2023	50,000	49,972	49,965
Longship Funding LLC		0.000	5.156	07/05/2023	100,000	99,944	99,930
DBS Bank LTD		0.000	5.311	07/05/2023	14,000	13,992	13,990
DNB Nor Bank ASA		0.000	5.085	07/05/2023	150,000	149,916	149,896
Anglesea Funding		0.000	5.166	07/06/2023	100,000	99,929	99,915
Antalis SA		0.000	5.447	07/06/2023	7,000	6,995	6,993
Gotham Funding Corporation		0.000	5.311	07/06/2023	50,000	49,964	49,958
MUFG Bank LTD/NY		0.000	5.074	07/06/2023	100,000	99,931	99,916
NRW Bank		0.000	5.100	07/06/2023	54,000	53,962	53,954
Skandinav Enskilda Bank		5.390 F	5.390	07/06/2023	22,000	22,000	22,001
Barton Capital Corporation		0.000	5.345	07/07/2023	30,000	29,974	29,970
Bennington Stark Capital		0.000	5.176	07/07/2023	45,727	45,688	45,682
Chariot Funding LLC		0.000	5.321	07/07/2023	50,000	49,956	49,951
Great Bear Funding LLC		0.000	5.166	07/07/2023	45,000	44,962	44,956
Versailles		0.000	5.510	07/07/2023	25,000	24,977	24,975
Federation Des Caisses		0.000	5.151	07/07/2023	23,000	22,981	22,977
NRW Bank		0.000	5.100	07/07/2023	90,000	89,925	89,911
Barton Capital Corporation		0.000	5.318	07/10/2023	25,000	24,967	24,964
Versailles		0.000	5.290	07/10/2023	50,000	49,935	49,929
Chariot Funding LLC		5.380 F	5.380	07/10/2023	25,000	25,000	25,002
Cabot Trail Funding LLC		0.000	5.290	07/11/2023	50,000	49,928	49,922
Manhattan Asset Funding		0.000	5.314	07/11/2023	50,000	49,927	49,922
BNG Bank NV		0.000	5.151	07/11/2023	75,000	74,894	74,884
Gotham Funding Corporation		0.000	5.320	07/12/2023	25,000	24,960	24,957
Sheffield Receivables		0.000	5.301	07/13/2023	16,000	15,972	15,970
Atlantic Asset Securities Corporation		0.000	5.363	07/14/2023	15,000	14,971	14,970
Barton Capital Corporation		0.000	5.338	07/14/2023	50,000	49,905	49,900
Victory Receivables Corporation		0.000	5.355	07/14/2023	35,000	34,933	34,930
United Overseas Bank		0.000	5.302	07/14/2023	45,000	44,915	44,911
National Australia Bank		5.510 F	5.510	07/14/2023	23,000	23,000	23,003
Mizaho		0.000	5.344	07/17/2023	25,000	24,942	24,939
Chariot Funding LLC		0.000	5.135	07/18/2023	10,000	9,976	9,974
Anglesea Funding		0.000	5.101	07/19/2023	21,000	20,947	20,943
Thunder Bay Funding		0.000	5.201	07/19/2023	20,000	19,949	19,946
Albion Capital Corporation		0.000	5.326	07/20/2023	39,127	39,019	39,014
LMA Americas LLC		0.000	5.347	07/20/2023	8,000	7,978	7,977
Sheffield Receivables		0.000	5.368	07/20/2023	25,000	24,930	24,927

(Continued on Next Page)

F – Floating rate note security.

* Fair value is determined by a third party pricing service and reported in accordance with GAAP. Fair value is not determined for loans. Their reported fair value equals amortized cost.

** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Versailles		0.000	5.467	07/20/2023	40,000	39,886	39,885
Longship Funding LLC		0.000	5.312	07/21/2023	65,000	64,811	64,806
Anglesea Funding		0.000	5.108	07/24/2023	15,000	14,952	14,948
Gotham Funding Corporation		0.000	5.352	07/24/2023	21,000	20,929	20,927
Thunder Bay Funding		0.000	5.157	07/24/2023	50,000	49,838	48,760
Victory Receivables Corporation		0.000	5.352	07/24/2023	21,000	20,929	20,927
BMW US Capital LLC		0.000	5.232	07/24/2023	25,000	24,918	24,915
Gotham Funding Corporation		0.000	5.352	07/25/2023	35,000	34,877	34,874
Victory Receivables Corporation		0.000	5.352	07/26/2023	15,000	14,945	14,944
Albion Capital Corporation		0.000	5.457	07/27/2023	25,000	24,903	24,902
Liberty Street Funding LLC		0.000	5.342	07/27/2023	50,000	49,810	49,805
Mizaho		0.000	5.369	07/27/2023	23,000	22,912	22,911
BNG Bank NV		0.000	5.193	07/28/2023	75,000	74,713	74,700
Barton Capital Corporation		0.000	5.483	07/31/2023	25,000	24,888	24,887
Gotham Funding Corporation		0.000	5.364	07/31/2023	22,000	21,903	21,901
Societe Generale		0.000	5.484	07/31/2023	25,000	24,888	24,891
Antalis SA		0.000	5.487	08/01/2023	48,100	47,877	47,875
Thunder Bay Funding		0.000	5.351	08/01/2023	50,000	49,774	49,769
Credit Agricole CIB NY		0.000	5.447	08/01/2023	50,000	49,770	49,776
Liberty Street Funding LLC		0.000	5.359	08/02/2023	13,500	13,437	13,435
Sheffield Receivables		0.000	5.404	08/02/2023	35,000	34,835	34,830
Versailles		5.300	F 5.300	08/02/2023	16,000	16,000	16,000
MUFG Bank LTD/NY		0.000	5.391	08/02/2023	39,955	39,767	39,767
LMA Americas LLC		0.000	5.088	08/03/2023	9,000	8,959	8,955
Matchpoint Finance PLC		0.000	5.383	08/03/2023	100,000	99,516	99,506
Canadian Imperial Bank		5.800	F 5.800	08/03/2023	21,000	21,000	21,000
Barton Capital Corporation		0.000	5.524	08/04/2023	40,000	39,795	39,795
Antalis SA		0.000	5.446	08/07/2023	25,000	24,863	24,861
Chariot Funding LLC		0.000	5.422	08/07/2023	35,000	34,809	34,806
Sheffield Receivables		0.000	5.403	08/07/2023	50,000	49,728	49,719
DBS Bank LTD		0.000	5.104	08/07/2023	11,000	10,943	10,940
Jupiter Securitization Company LLC		0.000	5.437	08/08/2023	25,000	24,859	24,858
LMA Americas LLC		0.000	5.398	08/08/2023	50,900	50,616	50,607
Lloyds Bank PLC		0.000	5.179	08/08/2023	23,000	22,877	22,870
Barclays Bank PLC		0.000	5.451	08/09/2023	100,000	99,421	99,420
DBS Bank LTD		0.000	5.126	08/09/2023	15,000	14,918	14,914
Podium Funding Trust		0.000	5.425	08/10/2023	50,000	49,705	49,696
Manhattan Asset Funding		0.000	5.373	08/14/2023	50,000	49,678	49,671
Bedford Row Funding Corporation		0.000	5.105	08/15/2023	25,000	24,844	24,831
Cabot Trail Funding LLC		0.000	5.441	08/17/2023	24,000	23,833	23,830
Collateralized Flex Company LLC		5.260	F 5.260	08/17/2023	10,000	10,000	10,000
Barton Capital Corporation		0.000	5.404	08/18/2023	45,000	44,682	44,663
United Overseas Bank		0.000	5.430	08/18/2023	24,000	23,830	23,829
Old Line Funding Corporation		0.000	5.128	08/21/2023	25,000	24,822	24,807
Collateralized Flex Company LLC		5.310	F 5.310	08/22/2023	30,000	30,000	30,000
Bank of Nova Scotia		5.750	F 5.750	08/22/2023	22,000	22,000	22,000
Royal Bank of Canada		0.000	4.064	08/23/2023	20,000	19,883	19,843
Versailles		0.000	5.523	08/25/2023	75,000	74,381	74,378
Westpac Banking Corporation		5.730	F 5.730	08/28/2023	20,000	20,000	20,016
Royal Bank of Canada		5.640	F 5.640	09/01/2023	25,000	25,000	25,016
Liberty Street Funding LLC		0.000	5.560	09/07/2023	8,000	7,918	7,917
Oversea-Chinese Banking		0.000	5.562	09/07/2023	50,000	49,487	49,502
Sumitomo Mitsui Trust NY		0.000	5.605	09/07/2023	25,000	24,742	24,744
Victory Receivables Corporation		0.000	5.561	09/08/2023	16,000	15,834	15,832
Sumitomo Mitsui Trust NY		0.000	5.605	09/08/2023	50,000	49,476	49,481
Canadian Imperial Bank		5.620	F 5.620	09/11/2023	20,000	20,000	20,020
Sumitomo Mitsui Trust NY		0.000	5.619	09/12/2023	35,000	34,611	34,614

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Cancara Asset Securitization LLC		0.000	5.552	09/14/2023	30,000	29,662	29,658
Starbird Funding Corporation		0.000	5.550	09/14/2023	18,000	17,797	17,795
Collateralized Flex Company LLC		5.280	F 5.280	09/15/2023	5,000	5,000	5,000
Australia & New Zealand Bank		5.620	F 5.620	09/15/2023	23,000	23,000	23,016
LMA Americas LLC		0.000	5.580	09/18/2023	5,000	4,940	4,939
Sheffield Receivables		5.350	F 5.350	09/18/2023	50,000	50,000	50,000
Gotham Funding Corporation		0.000	5.560	09/19/2023	16,000	15,807	15,804
Victory Receivables Corporation		0.000	5.571	09/19/2023	6,000	5,928	5,926
Sheffield Receivables		5.380	F 5.380	09/20/2023	25,000	25,000	25,000
Cabot Trail Funding LLC		0.000	5.551	09/21/2023	16,000	15,803	15,797
Chariot Funding LLC		0.000	5.557	09/21/2023	50,000	49,383	49,373
Jupiter Securitization Company LLC		0.000	5.625	09/21/2023	30,000	29,626	29,624
Liberty Street Funding LLC		0.000	5.541	09/21/2023	10,000	9,877	9,874
Manhattan Asset Funding		0.000	5.561	09/21/2023	24,000	23,704	23,698
Gotham Funding Corporation		0.000	5.562	09/22/2023	8,000	7,900	7,898
Jupiter Securitization Company LLC		0.000	5.622	09/22/2023	50,000	49,369	49,365
Barclays US CCP		0.000	5.606	09/25/2023	25,000	24,674	24,666
LMA Americas LLC		0.000	5.576	09/25/2023	8,000	7,896	7,894
Old Line Funding LLC		5.440	F 5.440	09/25/2023	16,000	16,000	16,000
Svenska Handelsbanken AB		5.480	F 5.480	09/25/2023	100,000	100,000	100,000
Collateralized Flex Company LLC		5.260	F 5.260	10/03/2023	60,000	60,000	60,000
Royal Bank of Canada		5.560	F 5.560	10/03/2023	22,000	22,000	22,022
Mizuho		0.000	5.625	10/04/2023	25,000	24,639	24,634
Bank of Montreal		5.560	F 5.560	10/04/2023	22,000	22,000	22,013
Collateralized Flex Company LLC		5.260	F 5.318	10/05/2023	75,000	75,000	74,981
Sumitomo Mitsui Bank NY		5.560	F 5.560	10/05/2023	24,000	24,000	24,011
Australia & New Zealand Bank		5.460	F 5.460	10/10/2023	22,000	22,000	22,000
Oversea Chinese Banking Corporation		5.240	F 5.240	10/11/2023	23,000	23,000	23,000
Bank of Montreal		5.015	5.015	10/11/2023	30,000	30,000	30,000
Collateralized Flex Company LLC		5.570	F 5.636	10/12/2023	21,000	21,000	21,000
DBS Bank LTD		0.000	5.469	10/12/2023	22,000	21,666	21,655
National Australia Bank		5.470	F 5.470	10/13/2023	24,000	24,000	24,012
Fairway Finance Corporation		5.470	F 5.470	10/19/2023	8,000	8,000	8,000
Bedford Row Funding Corporation		5.470	F 5.470	10/30/2023	10,000	10,000	10,000
Royal Bank of Canada		0.000	5.523	10/31/2023	10,000	9,819	9,814
Skandinaviska Enskilda Bank		0.000	5.583	11/02/2023	27,000	26,497	26,495
Collateralized Flex Company LLC		5.420	F 5.482	11/06/2023	26,000	26,000	26,000
Old Line Funding LLC		5.410	F 5.410	11/06/2023	12,000	12,000	12,000
Thunder Bay Funding LLC		5.410	F 5.410	11/06/2023	8,000	8,000	8,000
Toronto Dominion Bank		5.560	F 5.602	11/06/2023	24,000	24,000	24,000
Bank of Nova Scotia		5.560	F 5.560	11/06/2023	24,000	24,000	24,000
Podium Funding Trust		5.550	F 5.550	11/09/2023	16,000	16,000	16,000
Export Development Canada		0.000	5.228	11/09/2023	10,000	9,816	9,806
Thunder Bay Funding LLC		5.580	F 5.580	11/13/2023	50,000	50,000	50,000
Old Line Funding LLC		5.580	F 5.580	11/14/2023	14,000	14,000	14,007
Swedbank AB		5.260	F 5.260	11/14/2023	22,000	22,000	22,000
National Australia Bank		5.260	F 5.260	11/16/2023	69,000	69,000	69,000
Svenska Handelsbanken AB		5.260	F 5.260	11/17/2023	23,000	23,000	23,000
Collateralized Flex Company LLC		0.000	5.694	11/27/2023	50,000	48,864	48,844
Australia & New Zealand Bank		5.240	F 5.240	12/01/2023	35,000	35,000	34,981
Podium Funding Trust		0.000	5.822	12/05/2023	15,000	14,634	14,627
Citigroup Global Markets		0.000	5.782	12/06/2023	50,000	48,779	48,762
Toronto Dominion Bank		5.270	F 5.270	12/06/2023	23,000	23,000	22,984
Collateralized Flex Company LLC		5.520	F 5.584	12/07/2023	25,000	25,000	25,000
Sumitomo Mitsui Bank NY		5.510	F 5.510	12/07/2023	24,000	24,000	24,002
Svenska Handelsbanken AB		5.240	F 5.240	12/07/2023	20,000	20,000	20,000
Old Line Funding LLC		5.460	F 5.460	12/08/2023	25,000	25,000	25,000

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)								
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>	
Old Line Funding LLC		5.460	F	5.460	12/11/2023	10,000	10,000	10,000
Toyota Credit Puerto Rico		5.460	F	5.460	12/11/2023	25,000	25,000	25,000
Thunder Bay Funding		0.000		5.789	12/18/2023	8,000	7,790	7,777
Sumitomo Mitsui Bank NY		5.310	F	5.310	12/22/2023	25,000	25,000	24,996
Bank of Nova Scotia		5.710	F	5.710	12/27/2023	10,000	10,000	10,011
Old Line Funding LLC		5.500	F	5.500	01/04/2024	20,000	20,000	20,000
Old Line Funding LLC		5.520	F	5.520	01/09/2024	7,000	7,000	7,000
Thunder Bay Funding LLC		5.520	F	5.520	01/09/2024	13,000	13,000	13,000
Thunder Bay Funding LLC		5.520	F	5.520	01/11/2024	18,000	18,000	18,000
Commonwealth Bank of Australia		5.570	F	5.570	01/16/2024	14,000	14,000	14,000
National Australia Bank		5.450	F	5.450	01/22/2024	24,000	24,000	24,000
Bank of Nova Scotia		5.500	F	5.500	01/23/2024	25,000	25,000	25,001
Toronto Dominion Bank		5.350		5.350	02/06/2024	10,000	10,000	10,000
National Australia Bank		5.540	F	5.540	02/16/2024	15,000	15,000	15,000
Westpac Banking Corporation		5.290	F	5.290	02/23/2024	20,000	20,000	20,000
Old Line Funding LLC		5.310	F	5.310	02/28/2024	50,000	50,000	49,935
National Bank of Canada		5.310	F	5.310	03/06/2024	50,000	50,000	49,920
Swedbank AB		5.590	F	5.606	03/15/2024	24,000	24,000	24,000
Royal Bank of Canada		0.000		5.527	03/20/2024	20,000	19,228	19,170
Royal Bank of Canada		5.760	F	5.760	03/27/2024	20,000	20,000	20,000
Canadian Imperial Bank		5.760	F	5.760	03/27/2024	25,000	25,000	25,000
Commonwealth Bank of Australia		5.560	F	5.560	03/28/2024	29,000	29,000	29,011
Canadian Imperial Bank		5.710	F	5.710	04/11/2024	35,000	35,000	35,000
Bank of Montreal		5.740	F	5.740	04/12/2024	25,000	25,000	25,000
Canadian Imperial Bank		0.000		5.560	04/18/2024	20,000	19,140	19,077
Australia & New Zealand Bank		5.610	F	5.651	04/22/2024	24,000	24,000	24,000
Bank of Montreal		5.660	F	5.660	05/03/2024	40,000	40,000	40,000
Royal Bank of Canada		5.660	F	5.660	05/07/2024	35,000	35,000	35,000
Bank of Nova Scotia		5.660	F	5.660	05/08/2024	15,000	15,000	15,000
Bank of Montreal		5.660	F	5.660	05/09/2024	25,000	25,000	25,000
Toronto Dominion Bank		0.000		5.799	05/16/2024	25,000	23,776	23,736
Total Commercial Paper	69.0%						6,804,022	6,802,063
<i>Negotiable Certificates of Deposit</i>								
KBC Bank NV		5.120		5.120	07/03/2023	50,000	50,000	50,001
KBC Bank NV		5.060		5.060	07/05/2023	50,000	50,000	50,000
KBC Bank NV		5.060		5.060	07/06/2023	100,000	100,000	100,000
Sumitomo Mitsui Trust NY		5.050		5.050	07/07/2023	80,000	80,000	80,000
KBC Bank NV		5.150		5.150	07/10/2023	50,000	50,000	50,001
Oversea Chinese Banking Corporation		5.320	F	5.320	07/13/2023	24,000	24,000	24,001
Sumitomo Mitsui Trust NY		5.360	F	5.360	07/13/2023	25,000	25,000	25,002
Mizuho Bank LTD		5.370	F	5.370	07/14/2023	24,000	24,000	24,002
KBC Bank NV		5.140		5.140	07/17/2023	50,000	50,000	50,001
Toronto Dominion Bank		4.070		4.070	07/18/2023	20,000	20,000	19,988
Mizuho Bank LTD		5.440	F	5.503	07/27/2023	25,000	25,000	25,005
Mizuho Bank LTD		5.430	F	5.430	07/28/2023	23,000	23,000	23,004
Credit Agricole		5.390		5.390	08/02/2023	100,000	100,000	100,024
Nordea Bank		5.390	F	5.390	08/09/2023	22,000	22,000	22,004
Sumitomo Mitsui Bank NY		5.270	F	5.270	08/16/2023	23,000	23,000	23,000
Mizuho Bank LTD		5.390		5.390	08/18/2023	50,000	50,000	50,012
Sumitomo Mitsui Trust NY		5.320		5.320	08/21/2023	50,000	50,000	50,000
Mizuho Bank LTD		5.420		5.420	09/01/2023	50,000	50,000	50,014
Mizuho Bank LTD		5.240	F	5.240	09/05/2023	23,000	23,000	22,998
Canadian Imperial Bank		5.620	F	5.620	09/06/2023	34,000	34,000	34,032
MUFG Bank		5.550		5.550	09/12/2023	30,000	30,000	30,005
Mizuho Bank LTD		5.400	F	5.392	09/12/2023	25,000	25,000	25,005

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Sumitomo Mitsui Trust NY		5.550	5.550	09/14/2023	50,000	50,000	50,010
Toronto Dominion Bank		5.000	5.000	09/26/2023	30,000	30,000	29,953
Sumitomo Mitsui Trust NY		5.550	5.550	09/26/2023	50,000	50,000	50,005
Nordea Bank		5.480	F 5.480	09/26/2023	90,000	90,000	90,034
Oversea Chinese Banking Corporation		5.510	F 5.510	09/29/2023	25,000	25,000	25,011
Svenska Handelsbanken AB		5.510	F 5.510	10/02/2023	25,000	25,000	25,015
Canadian Imperial Bank		5.460	F 5.460	10/12/2023	22,000	22,000	22,016
Svenska Handelsbanken AB		5.460	F 5.460	10/13/2023	24,000	24,000	24,012
Swedbank		5.480	F 5.480	10/16/2023	23,000	23,000	23,010
Bank of Nova Scotia		5.660	F 5.660	10/23/2023	40,000	40,000	40,040
Nordea Bank		5.390	F 5.390	10/26/2023	25,000	25,000	25,001
Oversea Chinese Banking Corporation		5.410	F 5.410	11/07/2023	23,000	23,000	23,000
Bank of Nova Scotia		5.400	F 5.400	11/10/2023	20,000	20,000	20,003
Nordea Bank		5.500	F 5.500	11/10/2023	23,000	22,999	23,009
DZ Bank		5.400	5.400	11/17/2023	45,000	45,000	44,965
DNB Nor Bank ASA		5.450	5.450	11/22/2023	40,000	40,000	39,973
Bank of Montreal		5.810	F 5.810	12/05/2023	40,000	40,000	40,067
Canadian Imperial Bank		5.860	F 5.860	12/11/2023	25,000	25,000	25,050
Bank of Montreal		5.820	F 5.820	01/05/2024	20,000	20,000	20,036
Bank of Montreal		5.470	5.470	01/08/2024	10,000	10,000	9,980
Westpac Banking Corporation		5.580	F 5.580	01/11/2024	22,000	22,000	22,018
Toronto Dominion Bank		5.250	5.250	01/25/2024	50,000	50,000	49,816
Bank of America, NA		5.440	5.440	02/07/2024	25,000	25,000	24,922
Bank of Nova Scotia		5.370	F 5.370	03/01/2024	25,000	25,000	24,965
Canadian Imperial Bank		5.310	F 5.310	03/06/2024	50,000	50,000	49,920
Nordea Bank		5.570	F 5.570	03/22/2024	25,000	25,000	25,002
Toronto Dominion Bank		5.660	F 5.660	04/29/2024	35,000	35,000	35,000
Bank of America, NA		5.800	5.800	05/28/2024	40,000	40,000	40,000
Bank of America, NA		5.800	5.800	06/07/2024	15,000	15,000	14,974
Canadian Imperial Bank		5.800	5.800	06/13/2024	25,000	25,000	24,949
Bank of America, NA		5.830	5.830	06/17/2024	25,000	10,000	10,000
Toronto Dominion Bank		6.050	6.050	07/03/2024	50,000	50,001	50,000
Total Negotiable Certificates of Deposit	19.8%					1,950,000	1,949,855
Repurchase Agreements							
Bank of America Securities		5.050	5.050	07/03/2023	199,000	199,000	199,000
Natixis Financial		5.050	5.050	07/03/2023	313,000	313,000	313,000
Bank of America Securities		5.060	5.060	07/03/2023	322,500	322,500	322,500
Total Repurchase Agreements	8.5%					834,500	834,500
Money Market Funds							
Federated		5.198	**		216,993	217,022	216,949
Dreyfus Liquidity		4.996	**		3,585	3,585	3,585
Cash					-	-	-
Total Money Market Funds	2.2%					220,607	220,534
Total Money Market Pool	100.0%					\$ 9,859,129	\$ 9,856,945

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U.S. Treasury Notes</i>							
United States Treasury		5.286 % F	5.340 %	07/31/2024	3,000	\$ 2,998	\$ 3,000
United States Treasury		5.389 F	5.469	10/31/2024	3,000	2,997	3,003
United States Treasury		5.449 F	5.428	01/31/2025	6,000	6,002	6,010
Total U. S. Treasury Notes	3.2%					11,997	12,013
<i>U.S. Treasury Bills</i>							
United States Treasury		0.000	5.322	09/28/2023	4,000	3,949	3,950
Total U. S. Treasury Bills	1.1%					3,949	3,950
<i>U. S. Government Agency Bonds and Notes</i>							
Federal Farm Credit Bank		5.078 F	5.109	07/13/2023	1,500	1,500	1,500
Federal Home Loan Bank		5.110 F	5.110	07/18/2023	4,000	4,000	4,000
Federal Home Loan Bank		5.120 F	5.120	08/01/2023	1,500	1,500	1,500
Federal Farm Credit Bank		5.085 F	5.085	08/04/2023	1,000	1,000	1,000
Federal Farm Credit Bank		5.085 F	5.085	08/10/2023	500	500	500
Federal Home Loan Bank		5.170 F	5.170	08/18/2023	1,000	1,000	1,000
Federal Farm Credit Bank		5.170 F	5.170	08/21/2023	1,000	1,000	1,000
Federal Farm Credit Bank		5.110 F	5.110	08/22/2023	500	500	500
Federal Farm Credit Bank		5.085 F	5.085	08/28/2023	1,000	1,000	1,000
Federal Home Loan Bank		5.180 F	5.180	09/06/2023	3,000	3,000	3,001
Federal Home Loan Bank		5.130 F	5.130	09/25/2023	1,000	1,000	1,000
Federal Farm Credit Bank		5.115 F	5.115	09/27/2023	500	500	500
Federal Home Loan Bank		5.130 F	5.130	10/03/2023	1,500	1,500	1,500
Federal Farm Credit Bank		5.085 F	5.085	10/27/2023	1,000	1,000	1,000
Federal Home Loan Bank		5.130 F	5.130	11/27/2023	1,500	1,500	1,501
Federal Farm Credit Bank		5.085 F	5.145	11/30/2023	1,500	1,500	1,499
Federal Farm Credit Bank		5.120 F	5.120	12/13/2023	500	500	500
Federal Home Loan Bank		5.140 F	5.140	01/24/2024	1,000	1,000	1,000
Federal Farm Credit Bank		5.105 F	5.105	03/01/2024	1,000	1,000	999
Federal Home Loan Bank		5.160 F	5.160	03/28/2024	2,000	2,000	2,000
Federal Farm Credit Bank		5.135 F	5.135	04/18/2024	1,500	1,500	1,499
Federal Home Loan Bank		5.115 F	5.115	05/03/2024	1,500	1,500	1,499
Federal Farm Credit Bank		5.110 F	5.110	05/09/2024	1,000	1,000	999
Federal Farm Credit Bank		5.160 F	5.160	08/08/2024	500	500	500
Federal Farm Credit Bank		5.160 F	5.160	08/26/2024	1,000	1,000	1,000
Federal Farm Credit Bank		5.150 F	5.150	08/26/2024	1,000	1,000	999
Federal Farm Credit Bank		5.195 F	5.195	09/05/2024	1,500	1,500	1,500
Federal Farm Credit Bank		5.165 F	5.165	10/04/2024	1,000	1,000	999
Federal Farm Credit Bank		5.200 F	5.194	10/10/2024	1,500	1,500	1,500
Federal Farm Credit Bank		5.260 F	5.260	12/05/2024	1,000	1,000	1,000
Federal Farm Credit Bank		5.210 F	5.210	01/03/2025	1,000	1,000	1,000
Federal Farm Credit Bank		5.240 F	5.240	01/17/2025	1,000	1,000	1,000
Federal Farm Credit Bank		5.230 F	5.230	01/23/2025	1,000	1,000	1,000
Federal Farm Credit Bank		5.220 F	5.220	01/30/2025	1,000	1,000	1,000
Federal Farm Credit Bank		5.225 F	5.225	02/06/2025	1,000	1,000	1,000
Federal Farm Credit Bank		5.210 F	5.210	02/14/2025	1,500	1,500	1,500
Federal Farm Credit Bank		5.190 F	5.190	02/28/2025	1,500	1,500	1,500

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL (Continued)								
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>	
Federal Farm Credit Bank		5.190	F	5.190	03/10/2025	1,500	1,500	1,500
Federal Farm Credit Bank		5.180	F	5.180	05/01/2025	1,500	1,500	1,498
Federal Farm Credit Bank		5.220	F	5.220	05/15/2025	500	500	500
Total U. S. Government Agency Bonds and Notes	13.2%						49,500	49,493
<i>U.S. Agency Discount Notes</i>								
Federal Home Loan Bank		0.000		4.872	07/05/2023	30,000	29,984	29,992
Federal Home Loan Mortgage Corporation		0.000		5.089	07/05/2023	15,000	14,992	14,996
Federal National Mortgage Association		0.000		4.937	07/05/2023	5,000	4,997	4,999
Federal Home Loan Mortgage Corporation		0.000		5.045	07/10/2023	30,000	29,963	29,972
Federal Home Loan Bank		0.000		5.123	07/26/2023	1,000	997	997
Federal Home Loan Bank		0.000		4.914	08/02/2023	1,000	996	996
Federal Home Loan Bank		0.000		4.896	08/04/2023	1,500	1,493	1,494
Federal Home Loan Bank		0.000		5.181	08/14/2023	14,000	13,913	13,920
Federal Home Loan Bank		0.000		5.131	08/25/2023	3,000	2,977	2,979
Federal Home Loan Bank		0.000		5.238	09/19/2023	30,000	29,659	29,681
Federal Home Loan Bank		0.000		5.238	09/20/2023	16,000	15,816	15,828
Federal Farm Credit Bank		0.000		4.828	09/25/2023	1,000	988	988
Total U.S. Agency Discount Notes	39.1%						146,775	146,842
<i>Repurchase Agreements</i>								
Goldman, Sachs & Company		5.030		5.030	07/03/2023	85,000	85,000	85,000
Bank of America Securities		5.060		5.060	07/03/2023	77,500	77,500	77,500
Total Repurchase Agreements	43.3%						162,500	162,500
<i>Money Market Funds</i>								
Dreyfus Government Cash Management		4.996	**			257	257	257
Total Money Market Funds	0.1%						257	257
Total Government Money Market Pool	100.0%						\$ 374,978	\$ 375,055

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Notes and Bonds</i>							
United States Treasury		1.125 %	2.208 %	01/15/2025	9,380	\$ 9,227	\$ 8,821
United States Treasury		2.750	3.059	05/15/2025	44,450	44,202	42,695
United States Treasury		3.000	4.074	07/15/2025	72,319	70,814	69,701
United States Treasury		0.375	3.900	01/31/2026	13,170	12,040	11,824
United States Treasury		3.625	4.374	05/15/2026	7,000	6,860	6,829
Total U. S. Treasury Notes and Bonds	20.0%					143,143	139,870
<i>U. S. Government Agency Bonds and Notes</i>							
Federal Home Loan Bank		1.200	1.200	12/30/2024	2,500	2,500	2,351
Total U. S. Government Agency Bonds and Notes	0.3%					2,500	2,351
<i>U.S. Agency Collateralized Mortgage Obligations</i>							
Government National Mortgage Association		4.000	2.366	09/16/2026	520	533	515
Federal Home Loan Mortgage Corporation		5.793	F 5.831	08/15/2030	32	32	32
Federal Home Loan Mortgage Corporation		5.693	F 5.842	09/15/2030	14	14	14
Federal Home Loan Mortgage Corporation		5.593	F 5.657	07/15/2031	19	19	19
Federal Home Loan Mortgage Corporation		5.643	F 5.703	12/15/2031	39	39	39
Federal Home Loan Mortgage Corporation		5.593	F 5.652	01/15/2033	64	64	64
Federal National Mortgage Association		5.400	F 5.789	03/25/2036	404	404	404
Federal National Mortgage Association		1.750	1.777	08/25/2042	303	302	292
Government National Mortgage Association		5.548	F 5.697	12/20/2060	831	824	826
Government National Mortgage Association		5.648	F 5.702	12/20/2060	1,027	1,029	1,021
Government National Mortgage Association		5.748	F 5.765	02/20/2061	757	761	754
Government National Mortgage Association		5.648	F 5.702	06/20/2062	506	507	504
Government National Mortgage Association		5.668	F 5.714	08/20/2062	333	334	331
Government National Mortgage Association		5.488	F 5.596	12/20/2062	390	388	387
Government National Mortgage Association		5.548	F 5.633	03/20/2063	761	760	756
Government National Mortgage Association		5.598	F 5.666	04/20/2063	572	572	568
Government National Mortgage Association		5.848	F 5.848	08/20/2063	666	672	665
Government National Mortgage Association		5.548	F 5.644	04/20/2065	968	964	961
Total U.S. Agency Collateralized Mortgage Obligations	1.2%					8,218	8,152
<i>Corporate Fixed-Rate Bonds and Notes</i>							
Amazon.com Inc		1.000	0.000	05/12/2023	5,380	5,380	4,837
Microchip Technology Inc		0.972	0.972	02/15/2024	3,700	3,700	3,585
Element Fleet Management		1.600	1.637	04/06/2024	3,520	3,519	3,394
Owl Rock Capital Corporation		5.250	2.310	04/15/2024	5,600	5,728	5,526
Security Benefit GL Fund		1.250	1.218	05/17/2024	5,925	5,927	5,617
Hormel Foods Corporation		0.650	0.592	06/03/2024	6,000	6,003	5,738
NRG Energy Inc		3.750	1.249	06/15/2024	1,499	1,534	1,449
Athene Global Funding		2.750	1.619	06/25/2024	6,200	6,268	5,963
Bristol-Myers Squibb Company		2.900	2.021	07/26/2024	6,649	6,710	6,475
Bat Capital Corporation		3.222	1.226	08/15/2024	5,325	5,443	5,168
GA Global Funding Trust		0.800	0.868	09/13/2024	5,490	5,486	5,108
Blackstone Private Credit Fund		1.750	1.826	09/15/2024	4,275	4,271	4,012
F&G Global Funding		0.900	0.907	09/20/2024	4,500	4,500	4,184
ERAC USA Finance LLC		3.850	0.984	11/15/2024	5,000	5,195	4,870
DBS Group Holdings LTD		1.169	1.169	11/22/2024	6,250	6,250	5,892
Retail Opportunity Inc		4.000	1.730	12/15/2024	5,717	5,903	5,476
CNO Global Funding		1.650	1.672	01/06/2025	2,850	2,849	2,648
Standard Chartered PLC		0.991	0.944	01/12/2025	5,650	5,654	5,476

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
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(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Nextera Energy Capital		6.051	5.901	03/01/2025	2,045	2,049	2,053
Warner Media Holdings		3.638	3.638	03/15/2025	6,100	6,100	5,885
Sprint Spectrum		4.738	3.030	03/20/2025	1,735	1,784	1,712
Sempra Energy		3.300	3.362	04/01/2025	4,650	4,645	4,459
Swedbank AB		3.356	3.356	04/04/2025	5,550	5,550	5,304
Daimler Trucks Finan NA		3.500	3.539	04/07/2025	5,000	4,997	4,809
Citigroup Inc		3.352	1.548	04/24/2025	4,000	4,129	3,910
Korea East-West Power Company		3.600	3.752	05/06/2025	1,500	1,496	1,443
Vistra Operations Company LLC		5.125	5.195	05/13/2025	5,200	5,194	5,070
Huntington National Bank		4.008	4.008	05/16/2025	5,300	5,300	5,094
Wells Fargo & Company		0.805	3.734	05/19/2025	7,275	6,891	6,934
Nucor Corporation		3.950	3.973	05/23/2025	4,875	4,873	4,727
Citizens Bank NA/RI		4.119	7.174	05/23/2025	2,370	2,244	2,244
JP Morgan Chase & Company		0.969	0.909	06/23/2025	11,000	11,013	10,441
Mitsubishi UFJ Financial Group		0.953	0.953	07/19/2025	3,000	3,000	2,834
Duke Energy Progress LLC		3.250	2.263	08/15/2025	3,200	3,265	3,070
Danske Bank A/S		0.976	0.976	09/10/2025	4,200	4,200	3,919
Bank of America Corporation		0.981	0.969	09/25/2025	7,500	7,502	7,046
Morgan Stanley		1.164	1.164	10/21/2025	6,780	6,780	6,337
Fifth Third Bancorp		5.852	6.280	10/27/2025	3,000	2,973	2,922
Microsoft Corporation		3.125	4.473	11/03/2025	6,000	5,822	5,776
Oracle Corporation		5.800	5.848	11/10/2025	1,950	1,948	1,972
Novartis Capital Corporation		3.000	4.360	11/20/2025	5,450	5,284	5,213
National Securities Clearing		0.750	4.543	12/07/2025	5,850	5,344	5,220
Met Life Funding		5.000	4.963	01/06/2026	5,250	5,255	5,193
John Deere Capital Corporation		4.800	4.817	01/09/2026	6,000	5,998	5,978
Royal Bank of Canada		4.875	4.886	01/12/2026	7,000	6,998	6,923
Key Bank NA		4.700	4.698	01/26/2026	5,250	5,250	4,888
Reliance Stand Life II		5.243	5.243	02/02/2026	6,250	6,250	6,112
Philip Morris Intl Inc		4.875	4.985	02/13/2026	5,246	5,232	5,209
Pepsico Inc		4.550	4.571	02/13/2026	3,930	3,928	3,918
American Express		4.900	4.918	02/13/2026	5,225	5,223	5,171
Union Pacific Corporation		4.750	4.765	02/21/2026	2,395	2,394	2,378
Raytheon Tech Corporation		5.000	5.010	02/27/2026	1,472	1,472	1,470
Union Pacific Corporation		2.750	4.717	03/01/2026	2,755	2,620	2,604
Sprint		7.625	5.467	03/01/2026	3,350	3,527	3,479
Capital One Financial Corporation		2.636	2.636	03/03/2026	3,000	3,000	2,800
Sumitomo Mitsui Trust Bank		5.650	5.692	03/09/2026	5,325	5,320	5,344
Advance Auto Parts Inc		5.900	5.915	03/09/2026	5,773	5,771	5,709
HSBC Holdings PLC		2.999	2.999	03/10/2026	3,775	3,775	3,579
National Rural Utilities		4.450	4.473	03/13/2026	1,752	1,751	1,725
Occidental Petroleum Corporation		5.550	5.348	03/15/2026	3,550	3,567	3,505
Kenvue Inc		5.350	5.334	03/22/2026	5,450	5,451	5,492
Mercedes-Benz Finance		4.800	4.848	03/30/2026	5,300	5,293	5,246
Lowe's Corporation Inc		4.800	4.761	04/01/2026	5,275	5,280	5,223
General Motors Financial Company		5.400	5.438	04/06/2026	4,961	4,956	4,904
Shell International Finance		2.875	4.407	05/10/2026	5,450	5,227	5,191
Toyota Motor Credit Corporation		4.450	4.471	05/18/2026	3,800	3,798	3,744
FMC Corporation		5.150	5.158	05/18/2026	5,174	5,173	5,090
Pfizer Investment		4.450	4.492	05/19/2026	5,525	5,519	5,458
Penske Truck Leasing		5.750	5.756	05/24/2026	4,280	4,279	4,239
Southern Cal Edison		4.900	4.939	06/01/2026	3,520	3,516	3,470
Toronto Dominion Bank		1.200	4.508	06/03/2026	5,960	5,426	5,300
Svenska Handelsbanken AB		5.250	5.288	06/15/2026	4,800	4,795	4,751
Cargill Inc		4.500	4.563	06/24/2026	5,543	5,533	5,467
AIG Global Funding		5.750	0.033	07/02/2026	5,250	5,245	5,234
State Street Corporation		5.751	5.751	11/04/2026	5,600	5,600	5,631

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Schedule of Investments in Securities (Continued)
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(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
PNC Financial Services Group		4.758	4.725	01/26/2027	5,250	5,256	5,131
Bank of NY Mellon Corporation		4.947	4.926	04/26/2027	5,748	5,752	5,677
Total Corporate Fixed-Rate Bonds and Notes	50.7%					366,133	355,045
Corporate Floating-Rate Bonds and Notes							
Pacific Life GF II		5.490	F 5.490	01/27/2025	2,500	2,500	2,482
Macquarie Group LTD		5.800	F 5.800	10/14/2025	3,000	3,000	2,976
Verizon Communications		5.850	F 5.850	03/20/2026	3,000	3,000	3,004
Schwab Charles Corporation		5.610	F 5.610	05/13/2026	3,600	3,600	3,484
NatWest Markets PLC		5.820	F 5.820	09/29/2026	3,500	3,500	3,419
Total Corporate Floating-Rate Bonds and Notes	2.2%					15,600	15,365
Commercial Mortgage-Backed Securities							
COMM Mortgage Trust		4.236	3.471	02/10/2047	2,685	2,876	2,654
COMM Mortgage Trust		3.828	3.164	07/15/2047	3,147	3,373	3,071
Well Fargo Commercial Mortgage		3.405	2.688	12/15/2047	8,321	8,916	7,952
Total Commercial Mortgage-Backed Securities	1.9%					15,165	13,677
Municipals							
Virginia Public School Authority		0.550	0.550	08/01/2023	7,655	7,655	7,627
Massachusetts Water Resources		1.772	1.772	08/01/2023	3,445	3,445	3,436
Penn State University		1.353	1.353	09/01/2023	2,740	2,740	2,722
City of Dallas TX Waterworks		2.068	0.495	10/01/2023	2,775	2,786	2,752
County of Allegheny PA		0.694	0.694	11/01/2023	1,200	1,200	1,181
State of Oregon DOH		0.414	0.414	11/15/2023	1,235	1,235	1,212
Houston TX Utility System		1.746	1.746	11/15/2023	2,635	2,635	2,598
Metro Atlanta Rapid Transit		0.630	0.630	07/01/2024	1,355	1,355	1,289
State of Hawaii		0.802	0.802	10/01/2024	1,595	1,595	1,508
State of Oregon DOH		0.566	0.566	11/15/2024	1,250	1,250	1,172
Forsyth County School District		1.212	1.212	02/01/2025	2,755	2,755	2,585
University of California		3.063	4.570	07/01/2025	6,000	5,829	5,775
Massachusetts Commonwealth		3.670	4.267	07/15/2025	2,860	2,827	2,764
Sales Tax Securitization Corporation		4.558	4.558	01/01/2026	4,160	4,160	4,076
State of Connecticut		5.050	4.552	05/15/2026	2,430	2,462	2,436
Total Municipal Securities	6.1%					43,929	43,133
Asset-Backed Securities							
Great American Leasing Receivables		0.670	0.677	07/15/2025	3,650	3,650	3,489
AESOP		3.350	4.604	09/22/2025	1,847	1,822	1,792
Santander Consumer Auto Trust		0.330	0.335	10/15/2025	1,041	1,041	1,030
GM Financial Securitized		0.350	0.357	10/16/2025	2,078	2,078	2,026
Hertz Vehicle Financing LLC		1.210	1.130	12/26/2025	2,570	2,573	2,408
GM Financial Securitized		0.500	0.510	02/17/2026	3,000	3,000	2,840
Carvana Auto Receivables Trust		0.490	0.493	03/10/2026	1,862	1,862	1,812
CarMax Auto Owner Trust		0.630	0.631	06/15/2026	2,350	2,350	2,206
Discover Card Master Trust		4.930	5.300	06/15/2026	5,300	5,277	5,278
Hertz Vehicle Financing LLC		1.990	2.005	06/25/2026	1,000	1,000	928
Enterprise Fleet Financing		0.650	0.661	07/20/2026	3,418	3,417	3,268
Carvana Auto Receivables Trust		0.700	0.710	11/10/2026	5,004	5,004	4,764
Great American Leasing Receivables		0.550	0.554	12/15/2026	2,890	2,890	2,712

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June 30, 2023
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
AmeriCredit Automobile Receivables		0.340	0.346	12/18/2026	1,997	1,997	1,954
Ally Auto Receivables Trust		4.760	4.805	05/17/2027	3,000	3,000	2,964
Mercedes Benz Auto Receivables		5.210	5.273	08/16/2027	7,000	6,999	6,967
Toyota Auto Receivables		4.630	4.672	09/15/2027	6,032	6,032	5,947
Discover Card Master Trust		5.030	5.086	10/15/2027	4,215	4,214	4,194
ARI Fleet Lease Trust		2.530	2.507	11/15/2027	4,538	4,541	4,481
Hertz Vehicle Financing LLC		1.680	6.876	12/27/2027	6,636	5,921	5,782
World Omni Auto Receivables		5.610	5.681	02/15/2028	7,000	6,999	7,007
Bank of America Credit Card		5.000	5.056	04/17/2028	4,215	4,214	4,194
OneMain Direct Auto Receivables		0.870	0.875	07/14/2028	8,250	8,249	7,791
Verizon Master Trust		4.490	4.538	01/22/2029	4,494	4,493	4,414
Wheels SPV LLC		0.620	0.616	08/20/2029	2,200	2,200	2,151
Enterprise Fleet Financing		5.420	5.489	10/22/2029	5,325	5,323	5,298
Ally Auto Receivables Trust		5.070	5.123	06/15/2031	1,400	1,400	1,394
OneMain Financial Issuance		3.840	3.212	05/14/2032	950	975	947
Chesapeake Funding II LLC		0.470	0.472	04/15/2033	1,504	1,503	1,461
Toyota Auto Loan Extended Trust		1.070	3.346	02/27/2034	7,774	6,932	6,942
OneMain Financial Issuance		5.940	6.014	05/15/2034	6,900	6,899	6,864
Total Asset Backed Securities	16.4%					117,855	115,305
<i>Money Market Funds</i>							
Dreyfus Government Cash Management		4.996 **			8,652	8,652	8,652
Total Money Market Funds	1.2%					8,652	8,652
Total Short Term Bond Pool	100.0%					\$ 721,195	\$ 701,550

WEST VIRGINIA BANK POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Money Market Funds</i>							
Dreyfus Government Cash Management		4.996 **			65	\$ 65	\$ 65
Total Money Market Funds	100.0%					65	65
Total West Virginia Bank Pool	100.0%					\$ 65	\$ 65

(Continued on Next Page)

F – Floating rate note security.

* Fair value is determined by a third party pricing service and reported in accordance with GAAP. Fair value is not determined for loans. Their reported fair value equals amortized cost.

** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2023
(In thousands)

STATE LOAN POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Loans and Mortgages</i>							
WVEDA Broadband Loan		1.280 %			17,324	\$ 17,324	\$ 17,324
Total Intergovernmental Loans	99.6%					17,324	17,324
<i>Money Market Funds</i>							
Dreyfus Government Cash Management		4.996 **			69	69	69
Total Money Market Funds	0.4%					69	69
Total State Loan Pool	100.0%					\$ 17,393	\$ 17,393

SCHOOL FUND

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Money Market Funds</i>							
Dreyfus Government Cash Management		4.996 **			1,019	\$ 1,019	\$ 1,019
Total Money Market Funds	100.0%					1,019	1,019
Total School Fund	100.0%					\$ 1,019	\$ 1,019

EDA - AW

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	1,445	\$ 1,447	\$ 1,446
Total U. S. Treasury Issues	99.9%					1,447	1,446
<i>Money Market Funds</i>							
Dreyfus Government Cash Management		4.996 **			1	1	1
Total Money Market Funds	0.1%					1	1
Total EDA-AW	100.0%					\$ 1,448	\$ 1,447

(Concluded)

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Investment Section

Consolidated Fund Overview at June 30, 2023

Investment Philosophy: It is the investment philosophy of the Board of Treasury Investments (the “BTI”) to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity.

Investment Objectives: It is the investment objective of the BTI to provide focused investment services for the Consolidated Fund, reduce costs for and increase returns to its participants.

Total Investments at June 30, 2023: \$ 10,975,194,000.

Description of the Consolidated Fund: The Consolidated Fund under the management of the BTI consisted of nine investment pools and single participant accounts during the year. The 2005 West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia to make short-term operating funds of the state more accessible to state government. The BTI employs a top-down approach to developing its investment strategy for the management of its funds. Starting with the objectives of the fund, the BTI considers constraints outlined in its investment policy, which includes among other parameters: safety, liquidity, and maximization of rate of return. The Investment Policy is summarized on Pages 90 – 95 of this Investment Section.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The Consolidated Fund pools and accounts are described in detail following this overview.

Expense Ratios: The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool and account. The fees charged to the Consolidated Fund are categorized into direct or indirect expenses as follows:

- (a). Direct Expenses - All investment advisor and custodian expenses will be charged directly to the pools and accounts as they are incurred.
- (b). Indirect Expenses - All indirect expenses such as insurance, staff costs, investment consultant fees, and rent shall be allocated based upon the percentage of net position under management.

Expense ratios for the pools and accounts are detailed in Table 2: Financial Highlights on Page 102 in the Statistical Section.

Basis of Presentation: Rates of return use a time-weighted rate of return methodology based upon market values.

Economic Environment: U.S. economic growth was estimated at 2.4% for the fiscal year, despite persistent inflation and an aggressive Federal Reserve (the “Fed”). Inflation eased during the fiscal year with the Consumer Price Index (“CPI”) falling from 9.1% at the end of fiscal year 2022 to 3.0% year-over-year in June 2023. The Fed continued to aggressively hike rates over the course of the fiscal year, hiking their benchmark rate by 3.50%. The rate hikes slowed in the second half of the fiscal year, and it appeared likely that the Fed would hike two more times in the second half of calendar year 2023. The short end of

the Treasury yield curve flattened over the fiscal year as front-end rates rose more than longer-term rates. By fiscal year end, the highest rate on the yield curve was at six months.

The U.S. bond market, as measured by the Bloomberg US Aggregate Bond Index, improved from fiscal year 2022, but still notched a negative return for fiscal year 2023, returning -1.53%. Domestically, equity returns also recovered in fiscal year 2023. The broad U.S. equity market, as measured by the Russell 3000 index, returned 17.59% for fiscal year 2023, substantially better than fiscal year 2022's return of -14.29%. Smaller or emerging markets equity performance also improved over the fiscal year. Foreign equity returns, as measured by the MSCI Emerging Markets Index, posted a return of 2.92% for the fiscal year. As inflation eased and commodity prices fell, commodity markets performed worse over fiscal year 2023. For fiscal year 2023, commodity market performance, as measured by the S&P GSCI Total Return Index, came in at -15.46%.

Pool and Account Overviews: The following pages present overviews of the investment pools and accounts of the Consolidated Fund.

The reports on the investment activities of each pool and account are prepared by staff of the BTI with assistance from pool and account managers and the BTI's investment consultant.

The Schedule of Investments in Securities is presented in the Financial Section on Pages 50-61, and Participant Net Asset Values are presented in the Statistical Section on Page 112.

West Virginia Money Market Pool

□ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Money Market Pool was created to invest participants' operating funds. The objective of the pool is to maintain sufficient liquidity to meet the daily disbursements of participants while striving to earn a return above inflation. The pool is structured as a money market fund with the goal of preservation of principal. The pool risk factor is low, and the pool is managed under numerous maturity restrictions, diversification guidelines, and credit limits.

Participants include state agencies and local governments throughout the state.

Benchmarks

The performance of the West Virginia Money Market Pool (net of external investment manager fees) will be measured against iMoneyNet First Tier Retail Average. Prior to July 15, 2021, performance was measured against a blended benchmark composed of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Investment Managers

The West Virginia Money Market Pool is managed by Federated Hermes and UBS Asset Management.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the West Virginia Money Market Pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 90 days.
- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. Government securities.
- Variable rate and floating rate securities shall be based on a money market index and shall not have a final maturity longer than 762 days if they are U.S. Government securities, or 397 days if they are not U.S. Government securities.
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum 5% of the pool may be invested in any one corporate name.
- Maximum 5% of the pool may be invested in any one supranational name.
- Maximum exposure in money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure at the pool level may not exceed 30%.
- Maximum 75% of the pool may be invested in notes with floating rates.
- All corporate securities must be rated A+ or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- All supranational securities must be rated AA or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.

- Maximum 15% of the Pool may be invested in U.S. dollar denominated Euro Commercial Paper, Euro Certificates of Deposit, and Euro Time Deposits. Investments in U.S. dollar denominated Euro securities are subject to other policy requirements applicable to the specific investment type.
- Maximum of 20% of the pool may be invested in asset-backed and mortgage-backed securities. Asset-backed commercial paper is not considered an asset-backed security under this limitation.
- Asset-backed and mortgage-backed securities must be rated AAA (or its equivalent).
- Asset-backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- The pool may not hold inverse floaters.
- The pool may not be leveraged in any manner.
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a nationally recognized statistical rating organization (“NRSRO”), each investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

□ **BTI Role**

The role of the BTI for the West Virginia Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

□ **Income Allocation**

Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

❑ **Asset Allocation – Permissible vs. Actual**

Permissible Allocation		Actual Allocation June 30, 2023	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ -	-
U.S. government agency obligations & FDIC guaranteed obligations	100.0%	-	-
Repurchase agreements	100.0%	834,500	8.5%
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (Combined)	100.0%	6,854,022	69.5%
Certificates of deposit	100.0%	1,950,000	19.8%
Money market funds	30.0%	220,607	2.2%
Asset-backed & mortgage-backed securities	20.0%	-	-
Municipal securities	15.0%	-	-
U.S. dollar denominated euro commercial paper, euro certificates of deposit and euro time deposits	15.0%	-	-
Depository accounts	5.0%	-	-
		\$ 9,859,129	100.0%

❑ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2023

	1 Year	3 Years	5 Years
Returns by Investment Manager:			
Federated Hermes	4.08%	1.48%	1.74%
UBS	4.10%	1.48%	1.71%
Total pool returns	4.07%	1.46%	1.70%
Benchmark:			
Custom Index **	3.47%	1.19%	1.42%



** Benchmark is the iMoneyNet First Tier Retail Average. Prior to July 15, 2021 the benchmark was 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

□ **Investments**

For a detailed list of investments in the West Virginia Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 50-54.

West Virginia Government Money Market Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Government Money Market Pool was created to invest restricted moneys of participants in U.S. Treasury and U.S. government agency obligations. The investment objective of the pool is to preserve capital and maintain sufficient liquidity to meet the daily disbursement needs of participants, while striving to earn a return above inflation. The pool is structured as a money market fund with an emphasis on maintaining a stable dollar value. The risk factor on this pool is low and managed through maturity restrictions. The default risk is minimal due to the types of securities held.

Participants include state agencies and local governments throughout the state.

Benchmarks

The performance of the West Virginia Government Money Market Pool (net of external investment manager fees) will be measured against the iMoneyNet Government & Agencies Institutional Average. Prior to July 15, 2021, performance was measured against a blended benchmark composed of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average.

Investment Manager

The West Virginia Government Money Market Pool is managed by UBS Asset Management.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of the pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 120 days.
- Maximum maturity of individual securities held cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. government securities.
- Variable rate and floating rate U.S. government securities shall be based on a money market index and shall not have a final maturity longer than 762 days.
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum exposure in government money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure may not exceed 30%.
- The pool may not hold private placements, or inverse floaters, or be leveraged in any manner.
- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.

- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

□ BTI Role

The role of the BTI for the West Virginia Government Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

□ Income Allocation

Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

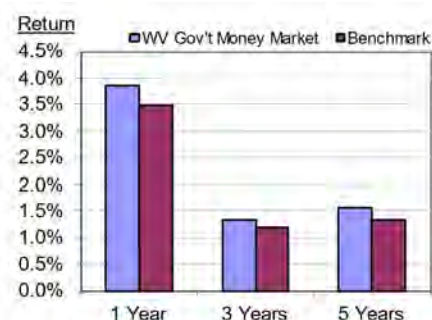
□ Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2023	
Security Type	Maximum Percent of Pool	Carrying Value <i>(Thousands)</i>	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 15,946	4.3%
U.S. government agency obligations & FDIC guaranteed obligations	100.0%	196,275	52.3%
Repurchase agreements	100.0%	162,500	43.3%
Government money market funds	30.0%	257	0.1%
Depository accounts	5.0%	-	-
		\$ 374,978	100.0%

Actual Returns

Actual Annualized Returns for Periods Ended June 30, 2023

	1 Year	3 Years	5 Years
Total pool returns	3.86%	1.34%	1.55%
Benchmark:			
Custom Index *	3.48%	1.20%	1.34%



* * Benchmark is the iMoneyNet Treasury & Repo Institutional Average. Prior to July 15, 2021 the benchmark was 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average.

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

Investments

For a detailed list of investments in the West Virginia Government Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 55-56.

West Virginia Short Term Bond Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Short Term Bond Pool was created to invest restricted moneys of the State which have a longer-term investment horizon. The goal of the pool is to earn an incremental return over the West Virginia Money Market Pool with an objective of asset growth rather than current income. The pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by participants. The risk factor on this pool is higher than the West Virginia Money Market Pool.

Participants include state agencies and local governments throughout the state.

Benchmark

The performance of the West Virginia Short Term Bond Pool (net of external Investment Manager fees) will be measured against the ICE BofAML 1-3 Year US Corporate & Government Index + 10 basis points. Prior to November 1, 2018, performance was measured against the BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 basis points.

Investment Manager

The West Virginia Short Term Bond Pool is managed by Sterling Capital Management. Prior to November 1, 2018, the Pool was managed by Federated Hermes.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon percentage of the pool holdings on a market value basis at the time of the securities purchase. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Effective duration of the West Virginia Short Term Bond Pool shall not deviate from the effective duration of the benchmark index by more than +/- 30 percent.
- Effective duration of securities cannot exceed five years (1,827 days).
- Effective duration of commercial paper or asset backed commercial paper will not exceed 397 days.
- Maximum 5% of the pool may be invested in any one corporate name or one corporate issue.
- Maximum 5% of the pool may be invested in any one supranational name.
- All long-term corporate securities must be rated BBB- or higher (or its equivalent), provided that no more than 20% may be invested in securities rated A-2 or BBB- to BBB+ (or its equivalent).
- All long-term supranational securities must be rated AA or higher (or its equivalent).
- Commercial paper or asset-backed commercial paper must be rated A-2 or higher (or its equivalent). Commercial paper or asset-backed commercial paper rated A-2 shall be included in the 20% limit for investment in securities rated BBB- to BBB+.
- Short-term securities other than commercial paper or asset backed commercial paper must be rated A-1 or higher (or its equivalent).

- Asset backed and mortgage backed securities must be rated AAA (or its equivalent).
- Maximum 75% of the pool may be invested in floating rate notes.
- Floating rate notes shall be based on a money market index and shall not have an effective duration longer than five years.
- Maximum of 50% of the pool may be invested in asset backed and mortgage backed securities. Asset backed commercial paper is not considered an asset backed security under this limitation.
- Asset backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- Maximum 15% of the Pool may be invested in U.S. dollar denominated Euro Commercial Paper, Euro Certificates of Deposit, and Euro Time Deposits. Investments in U.S. dollar denominated Euro securities are subject to other policy requirements applicable to the specific investment type.
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A, public or municipal securities exempt from registration under Section 3(a)(4) of the Securities Act of 1933, and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool may not invest in inverse floaters or be leveraged in any manner.
- Money market and fixed income funds utilized by the pool must be approved in advance by the Board.
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

□ BTI Role

The role of the BTI for the West Virginia Short Term Bond Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

□ Income Allocation

Net investment income and realized gains and losses are declared as dividends on the last day of the month and distributed to the participants in the pool on the first day of the following month. Gains and losses (realized and unrealized) are reflected in the net asset value calculated each month.

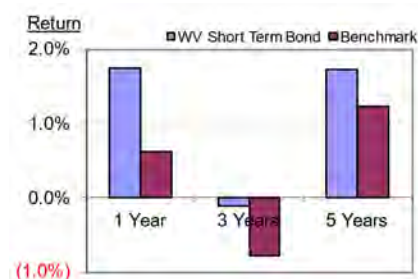
□ **Asset Allocation – Permissible vs. Actual**

Security Type	Permissible Allocation Maximum Percent of Pool	Actual Allocation June 30, 2023	
		Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 139,870	19.9%
U.S. government agency obligations & FDIC guaranteed obligations	100.0%	10,503	1.5%
Repurchase agreements	100.0%	-	-
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (combined)	100.0%	370,410	52.8%
Asset backed and mortgage backed securities	65.0%	128,982	18.4%
Certificates of deposit	65.0%	-	-
Money market and fixed income funds	30.0%	8,652	1.2%
Municipal securities	15.0%	43,133	6.1%
U.S. dollar denominated euro commercial paper, euro certificates of deposit and euro time deposits	15.0%	-	-
Depository accounts	5.0%	-	-
		<u>\$701,550</u>	<u>100.0%</u>

□ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2023

	1 Year	3 Years	5 Years
Total pool returns *	1.75%	-0.11%	1.72%
Benchmark **	0.62%	-0.78%	1.23%



* Sterling Capital Management became manager November 1, 2018. Federated Hermes was investment manager from October 1, 2008 to October 31, 2018.

** ICE BofAML 1-3 Year US Corporate & Government Index + 10 bps. Prior to November 1, 2018, BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 bps.

Returns are calculated on a time-weighted basis.

Manager returns are net of manager fees.

Total pool returns are net of all fees.

☐ **Investments**

For a detailed list of investments in the West Virginia Short Term Bond Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 57-60.

West Virginia Bank Pool

□ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Bank Pool is composed of certificates of deposit placed with West Virginia financial institutions that are approved state depositories. Placement of the certificates of deposit is accomplished through a competitive bidding process (West Virginia CD Program). The State is the sole participant in this pool.

Benchmark

The performance of the West Virginia Bank Pool will be measured against the West Virginia Money Market Pool Simple Money Market Yield – Gross of Fees. Prior to July 15, 2021, performance was measured against a custom benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

- To participate in the West Virginia CD Program, a financial institution must be designated as a State Depository in accordance with West Virginia Code §12-1-2(a) and have a branch bank in West Virginia.
- The Board shall establish rules and guidelines for the competitive bidding process. Such rules shall be made available to all interested, qualified financial institutions prior to participation. Qualified, interested financial institutions must agree to the rules and guidelines to participate.
- The minimum bid is \$100,000.00. Bids must be in increments of \$100,000.00 to a maximum of \$10,000,000.00 per parent institution per placement.
- The minimum rate will be equivalent to the six-month return on the West Virginia Money Market Pool or other rate as approved by the BTI chairman.
- Certificates of deposit in excess of insurance coverage by the Federal Deposit Insurance Corporation (FDIC) must be collateralized pursuant to West Virginia code §12-1-4 and Board of Treasury Investments Bank Account Collateral Policy.

□ BTI Role

The role of the BTI for the West Virginia Bank Pool is as follows:

- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.

- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

☐ Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month.

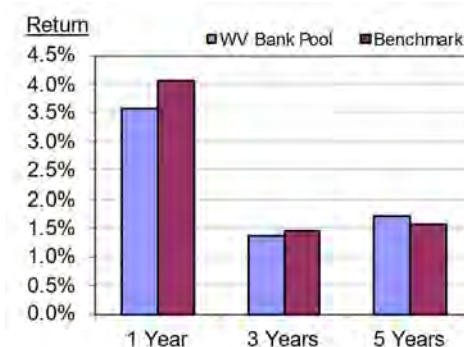
☐ Asset Allocation – Permissible vs. Actual

Security Type	Permissible Allocation Maximum Percent of Pool	Actual Allocation June 30, 2023	
		Carrying Value (Thousands)	Percent of Pool
Certificates of deposit	100.0%	\$ -	-%
Money market funds	30.0%	65	100.0%
		<u>\$ 65</u>	<u>100.0%</u>

☐ Actual Returns

Actual Annualized Returns for Periods Ended June 30, 2023

	1 Year	3 Years	5 Years
Total pool returns	3.58%	1.37%	1.70%
Benchmark *	4.06%	1.45%	1.58%



* Benchmark is the West Virginia Money Market Pool Simple Money Market Yield – Gross of Fees. Prior to July 15, 2021, the benchmark was 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

☐ Investments

For a detailed list of investments in the West Virginia Bank Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 60.

Loan Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The State Loan Pool is composed of loans made to/by the West Virginia Economic Development Authority (the “EDA”). The State is the sole participant in this pool. The Directors of the BTI Board shall bear no fiduciary responsibility with regard to any of the loans contemplated under §12-6C-11.

Under the State Code, the BTI is required to make available to EDA, subject to a liquidity determination, the following:

- A Revolving Loan up to \$200 million for business and industrial development projects; and
- A Revolving Loan up to \$80 million to provide loan insurance for debt instruments to expand broadband within West Virginia

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None.

❑ BTI Role

The role of the BTI for the overall Loan Pool is as follows:

- Receive and post loan payments.
- Open an account on behalf of the State Loan Pool.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Provide monthly statements regarding pool activity
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

The role of the BTI for the Broadband Debt Guarantee Revolving Loan is as follows:

- Provide EDA with quarterly interest rate to be charged on the loan
- Facilitate the transfer of funds to EDA via the State Treasurer’s Office
- Invoice the EDA on a quarterly basis for interest and principal due on outstanding balances

The role of the BTI for WVDOT Infrastructure Investment Revolving Loan is as follows:

- Facilitate the transfer of funds to DOT via the State Treasurer’s Office
- Collect periodic repayment of principal from DOT

Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed to participants on the last day of the month.

Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2023	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
Other investments	100.0%	\$ 17,324	99.6%
Money market funds	20.0%	69	0.4%
Depository accounts	5.0%	-	-
		<u>\$ 114,962</u>	<u>100.0%</u>

Actual Returns

The BTI does not maintain rates of return for the Loan Pool.

Investments

For a detailed list of investments in the Loan Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 61.

Reserve Pool

□ Investment Objectives and Policy Guidelines

Objectives

The Reserve Pool was created to provide an added layer of security for the West Virginia Money Market and West Virginia Government Money Market Pools. The objective of the pool is to provide support for the West Virginia Money Market and West Virginia Government Money Market Pools to ensure the net asset values do not fall below \$0.9985 per unit.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of Pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities.

- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase.
- Depository accounts are required to be collateralized as defined in the BTI's Bank Account Collateral Policy.

□ BTI Role

The role of the BTI for the Reserve Pool is as follows:

- Develop investment guidelines.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.
- The BTI will monitor the net asset value of the West Virginia Money Market and West Virginia Government Money Market Pools on a daily basis in accordance with the BTI's Net Asset Value Monitoring Policy. This policy requires the Chief Financial Officer and Executive Director to

develop a formal and written action plan to address the NAV decline when it falls below \$0.9985 per unit. Board members are notified to approve the written action plan.

- If the net asset value falls below \$0.9985 per unit, the BTI will request Board approval to utilize the Reserve Pool to ensure the NAV is stabilized at \$0.9985 per unit.

Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed on the last day of the month.

Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2023	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ -	-
U.S. government agency obligations	100.0%	-	-
Repurchase agreements	100.0%	-	-
Government money market funds	100.0%	-	-
Certificates of deposit	100.0%	-	-
Depository accounts	100.0%	-	-
		<u>\$ -</u>	<u>-</u>

Actual Returns

The BTI does not maintain rates of return for the Reserve Pool.

Investments

The Reserve Pool was closed effective October 24, 2022.

Municipal Bond Commission Account

❑ Investment Objectives and Policy Guidelines

Objectives

The Municipal Bond Commission Account is governed by West Virginia State Code §13-3-7 as it relates to permissible securities, limitations on purchase, sale or exchange of securities, interest; and custody of securities.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

- No security shall be purchased, sold or exchanged without the concurrence or ratification of a majority of all members of the Municipal Bond Commission (the “Commission”).
- No security shall be purchased at a price above, nor sold or exchanged at a price below, its prevailing fair market value.
- No security shall be purchased, sold or exchanged for the purpose of aiding any individual, firm or corporation by the payment of brokerage commissions or fees thereto.
- No security purchased, sold or exchanged shall benefit any member or employee of the Commission.

❑ BTI Role

The role of the BTI for the Municipal Bond Commission Account is as follows:

- Open an account on behalf of the Commission.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Provide securities information to the custodian.
- Review signature authorization from the Commission for trade activity.
- Record contributions and withdrawals based upon Commission authorization.
- Provide detailed fee invoice.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ **Income Allocation**

Net investment income and realized gains and losses are posted to the account monthly.

❑ **Asset Allocation – Permissible vs. Actual**

Asset allocations have not been established for the Municipal Bond Commission Account. Permissible securities are as follows:

- Securities of the United States or any agency thereof which are guaranteed by or for which the full faith and credit of the United States is pledged for the payment of the principal and interest.
- General obligations of the State or any of its agencies, boards or commissions, or any county, municipality or school district in the state.
- Repurchase agreements or similar banking arrangements with a member bank of the Federal Reserve System, or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”), or its successor, provided that such investments shall only be made to the extent insured by the FDIC or to the extent that the principal amount thereof shall be fully collateralized by direct obligations of or obligations guaranteed by the United States of America.

At June 30, 2022, 100.0% of the Municipal Bond Commission Account’s investments, totaling \$39,674,000, were invested in State and Local Government Series Securities issued by the U.S. Treasury.

❑ **Actual Returns**

The BTI does not maintain rates of return for the Municipal Bond Commission Account.

❑ **Investments**

As of June 30, 2023, there were no securities held in the Municipal Bond Commission Account. The account was closed effective June 1, 2023.

School Fund Account

❑ Investment Objectives and Policy Guidelines

Objectives

The School Fund was established by State Code §18-9-5 to contribute toward supporting state public schools. The investment objective is to maintain the irreducible \$1 million principal as defined in State Code §18-9A-16.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None.

❑ BTI Role

The role of the BTI for the School Fund Account is as follows:

- Open an account on behalf of the School Fund Board.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide monthly statements regarding School Fund activity.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

❑ Asset Allocation – Permissible vs. Actual

The School Fund shall be invested in interest-bearing securities of the United States, or securities, the payment of which as to both principal and interest, has been guaranteed by the United States, or of West Virginia, or of any county, city, town or village, or school district of West Virginia, or if such interest-bearing securities cannot be obtained, then such fund shall be invested in such other solvent interest-bearing securities as shall be approved by the School Fund Board. At June 30, 2023, 100.0% of the School Fund

Account's investments, totaling \$1,019,000, were invested in a money market fund that invests in U.S. Treasury and agency securities.

❑ **Actual Returns**

The BTI does not maintain rates of return for the School Fund Account.

❑ **Investments**

For a detailed list of investments in the School Fund Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 61.

Economic Development Authority – American Woodmark Account

❑ Investment Objectives and Policy Guidelines

Objectives

In accordance with West Virginia Code Section §31-15-23, the Economic Development Authority (the “EDA”) – American Woodmark Account invests excess funds received by appropriation or other funds which the EDA directs to be invested.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None

❑ BTI Role

The role of the BTI for the EDA – American Woodmark Account is as follows:

- Open an account on behalf of the EDA.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Invest earned interest not withdrawn by the EDA.
- Review signature authorization from the EDA for trade activity.
- Record contributions and withdrawals based upon EDA authorization.
- Provide monthly statements regarding EDA activity.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

❑ **Asset Allocation – Permissible vs. Actual**

Permissible securities for the EDA – American Woodmark Account are as follows:

- A U.S. Treasury obligation that matures August 15, 2023.
- Money market funds

At June 30, 2023, 99.9% of the EDA – American Woodmark Account's investments, totaling \$1,446,000, were invested in a U.S. Treasury Bond maturing August 15, 2023. The remaining 0.1%, totaling \$1,000 was invested in a money market fund that invests in U.S. Treasury and agency securities.

❑ **Actual Returns**

The BTI does not maintain rates of return for the EDA – American Woodmark Account.

❑ **Investments**

For a detailed list of investments in the EDA – American Woodmark Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 61.

Schedule of Investment Management Fees
Consolidated Fund

For the Fiscal Year Ended June 30, 2023

(In Thousands)

External fees:

Investment advisors:

WV Money Market Pool	\$ 2,615
WV Government Money Market Pool	86
WV Short Term Bond Pool	418
	<u>3,119</u>

Custodians:

WV Money Market Pool	251
WV Government Money Market Pool	15
WV Short Term Bond Pool	20
	<u>286</u>

Total external fees	<u>3,405</u>
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Internal fees:

Investment consultant	133
Fiduciary bond	20
Administration	1,309
	<u>1,462</u>

Total internal fees	<u>1,462</u>
Total investment management fees	<u><u>\$ 4,867</u></u>

INVESTMENT POLICY SUMMARY

I. PURPOSE

The investment policy of the West Virginia Board of Treasury Investments (the “BTI”) is adopted pursuant to Article 6C of Chapter 12 of the West Virginia Code and specifically outlines the investment philosophy and practices of the BTI. It has been developed to provide a fiscal administration, investment, and management plan for the assets entrusted to the Board. The Board has adopted this investment policy to serve as that plan and to provide:

- A clear direction to investment managers and consultants, staff, participants, and any other outside service provider as to the objectives, goals, and restrictions with regard to investment of assets;
- A methodology which allows assets to be structured and invested in a prudent manner; and
- A meaningful basis for the evaluation of asset classes, investment managers and the strategies used to achieve the various investment objectives.

II. INVESTMENT PHILOSOPHY

The BTI was established by the State Legislature to provide prudent fiscal administration, investment, and management for the assets entrusted to the BTI. It is the investment philosophy of the BTI to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. Due to the short-term nature of the funds, the BTI believes it is imperative to review and adjust the policy in reaction to interest rate market fluctuations/trends on a regular basis. In order to accomplish this, the BTI has adopted the following formal review schedule:

Agenda Item	Review Schedule
Investment Performance	Quarterly
Investment Manager Rebalancing	Quarterly
Investment Policy	Annually
Fee Schedule and Budget	Annually
Select Rating Agencies	Annually
Stress Testing of Portfolios	Monthly

When required, the BTI may react to trends in the market more quickly by itself or through actions of its Investment Committee.

The BTI will employ investment managers to implement this policy. The BTI shall monitor the performance of, and supervise all investment managers.

In determining its philosophy toward risk, the BTI considers its fiduciary obligations, statutory requirements, and current market conditions. Additionally, the BTI will consider the participants’ purposes and characteristics, financial conditions, liquidity needs, sources and level of contributions, income and general business conditions. Based upon these many factors, the BTI identifies when either a more conservative or more aggressive investment approach is warranted.

III. INVESTMENT OBJECTIVES

The BTI's objective is to provide focused investment services for the funds, reduce costs for, and increase returns to its participants. Realizing the majority of the funds are for operating expenses, the policy is designed to address the short-term liquidity needs of the participants and limit risk, but still permitting for a better rate of return than participants may be able to obtain on their own.

All available funds shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participants' investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with state law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.

IV. INVESTMENT/ADMINISTRATIVE RESPONSIBILITIES

The BTI is responsible for the prudent investment and administration of the funds. In order to properly carry out the policy, the BTI will rely on staff and outside service providers. Due to the number of parties involved, their roles as fiduciaries must be clearly identified to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The following describes the parties and the roles they assume as fiduciaries.

A. BOARD OF DIRECTORS

The Board has the responsibility of establishing and maintaining the policy and determining the objectives for all aspects of BTI operations.

The Board shall adopt by-laws and delegate the implementation of the policy to the Investment Committee and staff. The Board shall focus on important policy level issues, maintaining the proper fiduciary perspective and time horizon for analysis of the progress of the policy and the investment returns on the funds, and develop, adopt, review or modify the asset rebalancing plan, investment policy, fee schedule, and budget for the funds at least annually.

The Board may establish committees of its members as required to effectively implement the policy. Currently, the Board has established the Investment, Audit, and Personnel and Governance Committees as described below. Committees shall be briefed as required on any topic or issue pertinent to the Board's operations, and shall make reports regarding those topics to the Board at its meetings.

B. INVESTMENT COMMITTEE

The primary objective of the Investment Committee is to implement this policy and to do so effectively, prudently, and in a cost efficient manner in full compliance with all applicable laws, rules, and regulations.

The Investment Committee shall have the following specific responsibilities to be performed with the advice and assistance of staff and the investment consultant, and shall make recommendations to the Board for action as necessary regarding:

- Policies for preservation of capital, risk tolerance, credit standards diversification, rate of return, stability and turnover, liquidity, reasonable costs and fees, permissible investments, maturity ranges, internal controls, safekeeping and custody, valuation methodologies, and calculation of earnings and yields;
- Evaluation, selection, and termination of the investment managers and investment consultant;
- Regular review of and revisions to the investment policy;
- Investigate any reported investment problems or non-compliance;
- Evaluation of investment results to ensure compliance with the investment policy and to determine success of investment activities; and
- Other investment related issues as necessary for the prudent and cost effective investment of the funds.

C. INVESTMENT CONSULTANT

The investment consultant will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The consultant must have and assign an employee to work directly with the BTI, who has a Chartered Financial Analyst or a Certified Treasury Professional designation. The consultant works with the Board and staff to implement this policy. This requires regular meetings with staff, the Investment Committee and/or the Board, to provide an independent perspective on various issues and make recommendations as appropriate.

D. INVESTMENT MANAGERS

Investment managers will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The managers will have demonstrated expertise with the type of portfolio in their charge. The managers will be provided explicit written instructions detailing their particular assignment, and will construct and manage the portfolio consistent with the policy.

E. CUSTODIAN

The custodian holds directly, through its agents, its sub-custodians, or designated clearing systems, securities held as investments by the BTI. The custodian is accountable for registration of those securities in good delivery form, collection of income generated, and any corporate action notification. The custodian is responsible for delivery, receipt, tracking, and reporting of securities transactions. The BTI may opt to delegate other duties to the custodian.

F. INTERNAL AUDITOR

The Board shall retain an internal auditor to report directly to the Board. As minimum qualifications, the internal auditor shall be a certified public accountant with at least three years' experience as an auditor. The internal auditor shall develop an internal audit plan, with Board approval, for the testing of procedures, internal controls and security of transactions.

G. EXTERNAL AUDITOR

The BTI shall be audited annually by an independent certified public accounting firm selected by the Board. The certified public accounting firm must have a minimum staff of ten certified public accountants, be a member of the American Institute of Certified Public Accountants and, if doing business in West Virginia, a member of the West Virginia Society of Certified Public Accountants. The Board shall have financial and compliance audits of the Board's books, accounts and records with respect to its receipts, disbursements, investments, contracts and all other matters relating to its financial operations.

H. NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION

The BTI shall annually select Nationally Recognized Statistical Rating Organizations ("NRSRO") whom it deems suitable to rely upon for credit ratings. Currently the BTI has selected the following NRSRO's:

- Moody's Investor Services
- Standard & Poor's
- Fitch Ratings
- Dominion Bond Rating Service, Ltd.

V. STANDARD OF CARE

Any investment made pursuant to this policy shall be made in accordance with the "Uniform Prudent Investor Act" and shall be further subject to the following:

- The Directors shall diversify the investment of the funds so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so;
- The Directors shall defray reasonable expenses of investing and managing the funds by charging fees; and
- The Directors shall discharge their duties in accordance with the documents and instruments consistent with the State Code.

VI. GENERAL INVESTMENT GUIDELINES

The BTI recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investments. Due to the short-term nature of the funds, high levels of risk should be avoided, but the assumption of risk may be warranted if it is needed in order to allow the investment managers the opportunity to achieve satisfactory results consistent with the policy and the investment guidelines for the pool/portfolio they manage.

All securities must have a readily attainable market value, and must be readily marketable. Listed within the investment guidelines for each pool and account are the securities specifically permitted by the policy.

VII. CONFLICT OF INTEREST AND ETHICS

The Directors, staff, and any outside service provider shall refrain from those circumstances that could be considered a conflict of interest with BTI operations and transactions. A conflict of interest is a circumstance that creates an actual conflict with any fiduciary duty owed and a personal or business activity

that could conflict with, could give the appearance of a conflict with, or could impair the ability to make impartial decisions in matters affecting BTI operations and transactions.

Additionally, the Directors and staff shall maintain knowledge of, and shall comply with, all applicable laws, rules and regulations of any governmental or regulatory entity governing the management of the funds and shall not knowingly participate in, assist or fail to report to the BTI any acts in violation of those laws, rules and regulations. This requirement includes, but is not limited to, compliance with the “West Virginia Governmental Ethics Act” in the State Code. Any actual or perceived violation of the Ethics Act shall be reported in writing to the Personnel and Governance Committee of the Board for action.

VIII. AUDITOR ACCESS TO RECORDS

An investment manager or custodian which holds securities for the account of, in trust of, in trust for, or pledged to the BTI, shall be required to allow the BTI or its agents to conduct an audit with respect to such securities or securities transactions for a period of two years after date of any trade executed on behalf of the BTI.

IX. OTHER BTI POLICIES

The policy incorporates policies that govern the day-to-day practices of the BTI, including:

- Pricing Policy
- Net Asset Value Monitoring Policy
- Dividend Reinvestments Policy
- Record Retention Policy
- Outside Service Provider Policy
- Repurchase Agreement Policy
- Securities Lending Program Policy
- Bank Account Collateral Policy
- Investment Manager Due Diligence and Watch List Policy
- Securities Litigation Policy

X. MISCELLANEOUS PROVISIONS

A. AMENDMENTS

Any modification or amendment of this policy may be made by an action adopted at any duly constituted Board meeting; provided, however, that no such modification or amendment shall abrogate the rights and duties of then existing BTI contracts with outside service providers, unless required by operation of law or agreed to by the outside service providers.

B. NO RECOURSE

No provision in this policy shall be the basis for any claim against any director or staff, in his individual or official capacity, or against the BTI itself.

C. EFFECT UPON EXISTING CONTRACT

This policy shall not abrogate the rights and duties of the BTI under contracts with outside service providers executed prior to the effective date of this policy, unless required by operation of law or agreed to by the outside service provider.

D. EFFECT OF FAILURE TO COMPLY AS TO INVESTMENTS

Failure to comply with this policy shall not invalidate any investment or affect the validity of the authorization of the Board, or their designee, to make such investments, unless required by the Board.

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Statistical Section

INTRODUCTION TO STATISTICAL SECTION

The Statistical Section of the BTI's ACFR presents information as a historical perspective and a context for understanding what the information in the financial statements, note disclosures, supplementary information, and other financial information says about the BTI's overall financial health.

Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated Fund

This table presents historical information showing trends in the changes in Consolidated Fund net position and the components of those changes.

Table 2: Financial Highlights – Consolidated Fund State Operating Pools

This table presents historical information showing per share data and ratios for the state operating pools of the Consolidated Fund for the past ten years. The ratio of expenses to average net position represents the percentage of net position used to operate the pool. The ratio of net investment income to average net position represents financial performance of the pool, or the extent to which operations have resulted in changes in net position. The portfolio turnover rate is a measurement of how frequently assets within a fund are bought and sold by the managers.

Table 3: Rates of Return – Consolidated Fund State Operating Pools

This table presents historical information showing the rates of return for the Consolidated Fund State Operating Pools for the past ten years.

Table 4: Participation in Consolidated Fund State Operating Pools

This table presents historical information for the past ten years showing the participation in the Consolidated Fund State Operating Pools that are open to all state agencies and local governments in the state. Many state agencies and local governments have multiple accounts.

Table 5: Net Position – Consolidated Fund

This table presents historical information showing the total net position of the Consolidated Fund for the past ten years.

Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund

This table presents historical information showing the total net position and changes in net position of the Operating Fund (a proprietary fund) for the past ten years.

Table 7: Schedule of Net Asset Values—Consolidated Fund Operating Pools

This table presents components of total net asset values of the Consolidated Fund Operating Pools at June 30, 2023, as well as investment unit data.

Table 8: Portfolio Statistics – Consolidated Fund Operating Pools

This table presents weighted average days to maturity, maximum weighted average investment maturity term per BTI investment policy, and money market yields for the Consolidated Fund Operating Pools at June 30, 2023.

Table 9: Participant Net Asset Values—Consolidated Fund Operating Pools

This table presents major investors in the Consolidated Fund Operating Pools at June 30, 2023.

Glossary of Financial and Investment Terms

A glossary of financial and investment terms is presented to help readers understand the basic concepts and information provided in this Annual Comprehensive Financial Report.

Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated FundFiscal Year Ended June 30
(In Thousands)

	2023	2022	2021	2020	2019
Additions					
Investment income:					
Interest	\$ 212,503	\$ 27,549	\$ 25,320	\$ 61,532	\$ 65,025
Dividends	8,702	526	225	3,187	4,311
Net accretion (amortization)	178,424	10,096	4,175	38,624	54,990
Provision for uncollectible loans	-	-	-	(89)	(504)
Total investment income	399,629	38,171	29,720	103,254	123,822
Investment expenses:					
Investment advisor fees	3,119	2,581	2,100	1,867	1,725
Custodian bank fees	286	223	174	160	168
Administrative fees	1,462	1,199	1,515	1,142	1,716
Total investment expenses	4,867	4,003	3,789	3,169	3,609
Net investment income	394,762	34,168	25,931	100,085	120,213
Net realized gain (loss) from investments	(12,598)	(595)	7,087	6,622	(817)
Net increase (decrease) in fair value of investments	7,725	(35,431)	(9,965)	7,742	14,306
Net increase (decrease) in net position from operations	389,889	(1,858)	23,053	114,449	133,702
Participant transaction additions:					
Purchase of pool units by participants	17,034,162	15,388,367	16,545,122	13,377,374	11,418,719
Reinvestment of pool distributions	381,200	34,036	31,373	104,859	119,737
Contributions to individual investment accounts	15,460	54,702	58,356	109,461	538
Total participant transaction additions	17,430,822	15,477,105	16,634,851	13,591,694	11,538,994
Total additions	17,820,711	15,475,247	16,657,904	13,706,143	11,672,696
Deductions					
Distributions to pool participants:					
Net investment income	394,048	31,734	22,749	99,348	119,963
Net realized gain (loss) from investments	(12,598)	(595)	7,087	6,622	(817)
Total distributions to pool participants	381,450	31,139	29,836	105,970	119,146
Participant transaction deductions:					
Redemption of pool units by participants	15,505,034	14,234,345	14,858,041	12,271,849	10,784,814
Withdrawals from individual investment accounts	193,728	94,652	117,970	30,021	28,994
Total participant transaction deductions	15,698,762	14,328,997	14,976,011	12,301,870	10,813,808
Total deductions	16,080,212	14,360,136	15,005,847	12,407,840	10,932,954
Change in net position	\$ 1,740,499	\$ 1,115,111	\$ 1,652,057	\$ 1,298,303	\$ 739,742

(Continued)

	2018	2017	2016	2015	2014
\$	35,994	\$ 23,420	\$ 17,145	\$ 14,942	\$ 15,103
	1,648	666	402	1,575	1,653
	21,465	7,471	1,069	(3,885)	(4,563)
	-	(639)	(507)	(822)	(1,251)
	<u>59,107</u>	<u>30,918</u>	<u>18,109</u>	<u>11,810</u>	<u>10,942</u>
	1,463	1,345	1,366	1,552	1,486
	134	116	126	133	129
	<u>1,245</u>	<u>1,384</u>	<u>1,290</u>	<u>1,298</u>	<u>1,083</u>
	<u>2,842</u>	<u>2,845</u>	<u>2,782</u>	<u>2,983</u>	<u>2,698</u>
	56,265	28,073	15,327	8,827	8,244
	(583)	128	(39)	(442)	44
	<u>(5,460)</u>	<u>(1,917)</u>	<u>2,818</u>	<u>(986)</u>	<u>2,401</u>
	50,222	26,284	18,106	7,399	10,689
	11,558,987	11,266,082	9,864,797	10,934,435	10,832,452
	55,550	27,979	15,082	8,679	8,812
	9,307	26,512	64,252	825	356
	<u>11,623,844</u>	<u>11,320,573</u>	<u>9,944,131</u>	<u>10,943,939</u>	<u>10,841,620</u>
	11,674,066	11,346,857	9,962,237	10,951,338	10,852,309
	55,858	27,709	15,147	8,714	8,087
	(583)	128	(39)	(442)	44
	<u>55,275</u>	<u>27,837</u>	<u>15,108</u>	<u>8,272</u>	<u>8,131</u>
	10,171,762	11,141,868	10,233,163	10,977,054	11,259,270
	<u>17,474</u>	<u>16,386</u>	<u>44,326</u>	<u>20,105</u>	<u>193,010</u>
	<u>10,189,236</u>	<u>11,158,254</u>	<u>10,277,489</u>	<u>10,997,159</u>	<u>11,452,280</u>
	<u>10,244,511</u>	<u>11,186,091</u>	<u>10,292,597</u>	<u>11,005,431</u>	<u>11,460,411</u>
\$	<u>1,429,555</u>	<u>\$ 160,766</u>	<u>\$ (330,360)</u>	<u>\$ (54,093)</u>	<u>\$ (608,102)</u>

Table 2: Financial Highlights – Consolidated Fund State Operating Pools

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WV Money Market Pool										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.07	-	-	0.02	0.02	0.02	0.01	-	-	-
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	0.07	-	-	0.02	0.02	0.02	0.01	-	-	-
Distributions to participants	0.07	-	-	0.02	0.02	0.02	0.01	-	-	-
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	9,044,010	6,988,546	5,295,136	5,099,974	3,959,313	3,266,592	1,780,967	1,556,503	1,890,872	1,960,118
Ratio of expenses to average net assets	0.05%	0.05%	0.05%	0.06%	0.07%	0.07%	0.08%	0.08%	0.08%	0.07%
Ratio of net investment income to average net assets	4.07%	0.31%	0.15%	1.81%	2.39%	1.56%	0.84%	0.27%	0.13%	0.13%
WV Government Money Market Pool										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.04	-	-	0.02	0.02	0.01	-	-	-	-
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	0.04	-	-	0.02	0.02	0.01	-	-	-	-
Distributions to participants	0.04	-	-	0.02	0.02	0.01	-	-	-	-
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	287,674	242,302	273,087	262,678	252,159	212,354	202,070	190,160	248,503	238,981
Ratio of expenses to average net assets	0.05%	0.04%	0.06%	0.07%	0.08%	0.08%	0.09%	0.09%	0.08%	0.08%
Ratio of net investment income to average net assets	4.00%	0.18%	0.07%	1.66%	2.29%	1.32%	0.47%	0.16%	0.03%	0.02%
WV Short Term Bond Pool										
Per share data:										
Net asset value at beginning of year	\$ 98.15	\$ 102.79	\$ 104.05	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79	\$ 101.47
Net investment income	2.29	1.27	1.82	2.67	2.68	1.97	1.47	1.15	0.85	1.20
Net realized and unrealized gain (loss)	(0.63)	(4.72)	(0.36)	1.81	1.90	(0.83)	(0.22)	0.34	(0.19)	0.33
Net increase from operations	1.66	(3.45)	1.46	4.48	4.58	1.14	1.25	1.49	0.66	1.53
Distributions to participants	0.56	1.19	2.72	3.50	2.58	1.88	1.47	1.13	0.78	1.21
Net asset value at end of year	\$ 99.25	\$ 98.15	\$ 102.79	\$ 104.05	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79
Shares outstanding (in thousands)	7,068	7,731	7,883	7,815	7,158	7,020	7,403	7,754	7,490	7,600
Ratio of expenses to average net assets	0.08%	0.09%	0.08%	0.08%	0.11%	0.13%	0.14%	0.14%	0.14%	0.12%
Ratio of net investment income to average net assets	2.53%	1.54%	1.78%	2.64%	2.67%	1.97%	1.47%	1.19%	0.87%	0.78%
Portfolio turnover rate	3.48%	3.78%	7.00%	10.68%	2.78%	3.45%	3.06%	6.77%	4.17%	1.10%

Table 3: Rates of Return – Consolidated Fund State Operating Pools

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WV Money Market Pool	4.07%	0.23%	0.12%	1.69%	2.43%	1.54%	0.80%	0.32%	0.14%	0.13%
WV Government Money Market Pool	3.84%	0.15%	0.04%	1.44%	2.20%	1.26%	0.42%	0.16%	0.03%	0.02%
WV Short Term Bond Pool	1.75%	-3.41%	1.42%	4.50%	4.54%	1.14%	1.26%	1.47%	0.65%	1.11%

Rates of return are time weighted, annualized, and net of all fees

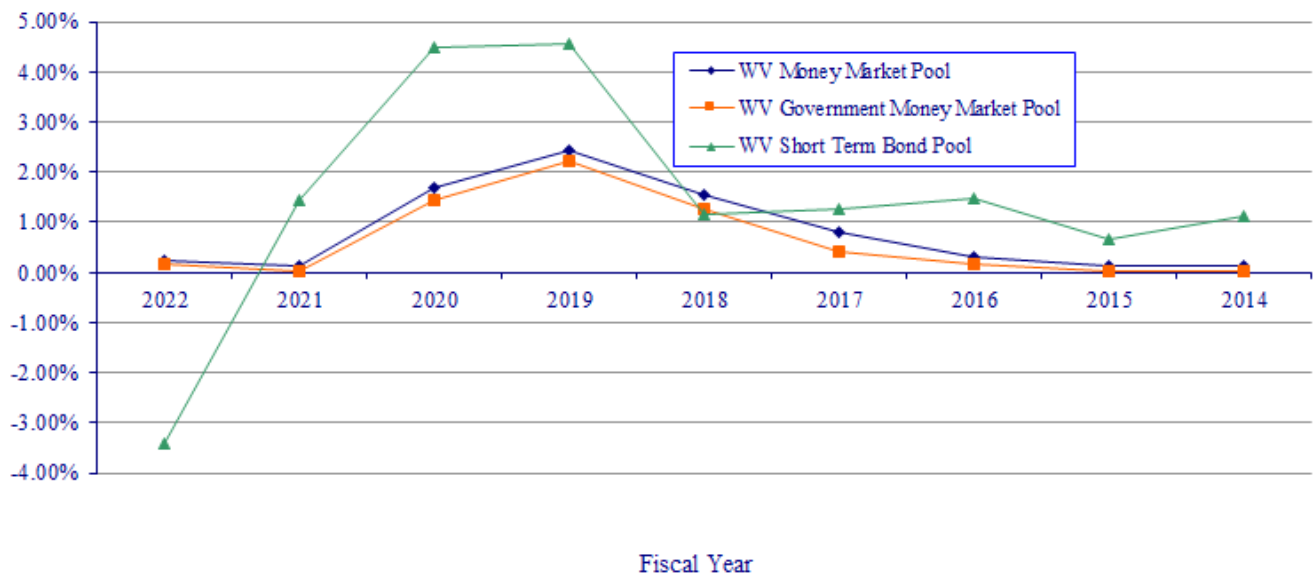


Table 4: Participation in Consolidated Fund State Operating Pools

Fiscal Year Ended June 30
(Net Asset Values Expressed in Thousands)

	2023		2022		2021		2020		2019	
	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value
WV Money Market Pool:										
State agency accounts	972	\$ 9,259,093	1,027	\$ 7,658,974	1,255	\$ 6,447,622	1,133	\$ 4,855,856	1,044	\$ 3,765,849
Local government accounts	267	619,182	245	454,180	236	394,998	230	244,118	204	193,464
	<u>1,239</u>	<u>\$ 9,878,275</u>	<u>1,272</u>	<u>\$ 8,113,154</u>	<u>1,491</u>	<u>\$ 6,842,620</u>	<u>1,363</u>	<u>\$ 5,099,974</u>	<u>1,248</u>	<u>\$ 3,959,313</u>
WV Government Money Market Pool:										
State agency accounts	23	\$ 235,699	20	\$ 220,010	21	\$ 199,690	22	\$ 231,398	23	\$ 206,834
Local government accounts	24	139,708	25	12,103	25	23,742	22	31,280	23	45,325
	<u>47</u>	<u>\$ 375,407</u>	<u>45</u>	<u>\$ 232,113</u>	<u>46</u>	<u>\$ 223,432</u>	<u>44</u>	<u>\$ 262,678</u>	<u>46</u>	<u>\$ 252,159</u>
WV Short Term Bond Pool:										
State agency accounts	39	\$ 675,866	37	\$ 666,511	37	\$ 793,799	38	\$ 812,321	38	\$ 737,161
Local government accounts	10	25,611	15	25,294	11	24,483	10	798	7	664
	<u>49</u>	<u>\$ 701,477</u>	<u>52</u>	<u>\$ 691,805</u>	<u>48</u>	<u>\$ 818,282</u>	<u>48</u>	<u>\$ 813,119</u>	<u>45</u>	<u>\$ 737,825</u>
2018										
WV Money Market Pool:										
State agency accounts	1,037	\$ 3,087,615	1,115	\$ 1,653,945	1,196	\$ 1,462,081	1,275	\$ 1,804,995	1,336	\$ 1,869,338
Local government accounts	198	178,977	207	127,022	206	94,422	208	85,877	221	90,780
	<u>1,235</u>	<u>\$ 3,266,592</u>	<u>1,322</u>	<u>\$ 1,780,967</u>	<u>1,402</u>	<u>\$ 1,556,503</u>	<u>1,483</u>	<u>\$ 1,890,872</u>	<u>1,557</u>	<u>\$ 1,960,118</u>
WV Government Money Market Pool:										
State agency accounts	23	\$ 209,783	20	\$ 198,527	24	\$ 184,246	23	\$ 202,008	20	\$ 184,523
Local government accounts	21	2,571	27	3,543	27	5,914	70	46,495	77	54,458
	<u>44</u>	<u>\$ 212,354</u>	<u>47</u>	<u>\$ 202,070</u>	<u>51</u>	<u>\$ 190,160</u>	<u>93</u>	<u>\$ 248,503</u>	<u>97</u>	<u>\$ 238,981</u>
WV Short Term Bond Pool:										
State agency accounts	39	\$ 705,986	38	\$ 750,256	37	\$ 787,715	35	\$ 758,066	34	\$ 768,763
Local government accounts	8	3,493	9	3,475	9	3,434	9	3,384	9	4,837
	<u>47</u>	<u>\$ 709,479</u>	<u>47</u>	<u>\$ 753,731</u>	<u>46</u>	<u>\$ 791,149</u>	<u>44</u>	<u>\$ 761,450</u>	<u>43</u>	<u>\$ 773,600</u>

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Table 5: Net Position – Consolidated Fund

Fiscal Year Ended June 30
(In Thousands)

	2023	2022	2021	2020
WV Money Market Pool	\$ 9,878,275	\$ 8,113,154	\$ 6,842,620	\$ 5,099,974
WV Government Money Market Pool	375,407	232,113	223,432	262,678
WV Short Term Bond Pool	701,477	691,805	818,282	813,119
WV Bank Pool	65	20,206	60,243	67,909
Loan Pool	17,466	115,095	123,407	120,569
Reserve Pool	-	20,007	19,942	19,906
Municipal Bond Commission Account	-	39,680	28,996	80,355
School Fund Account	1,023	1,102	1,000	1,264
EDA-AW Account	1,481	1,533	1,662	1,753
	<u>\$ 10,975,194</u>	<u>\$ 9,234,695</u>	<u>\$ 8,119,584</u>	<u>\$ 6,467,527</u>

Total Consolidated Fund Net Position

(In Thousands)



(Continued)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 3,959,313	\$ 3,266,592	\$ 1,780,967	\$ 1,556,503	\$ 1,890,872	\$ 1,960,118
252,159	212,354	202,070	190,160	248,503	238,981
737,825	709,479	753,731	791,149	761,450	773,600
77,774	81,448	79,774	129,294	116,111	73,060
119,402	109,145	125,400	124,438	125,210	129,264
19,588	19,126	18,854	18,767	18,716	20,757
-	28,364	35,881	25,296	4,565	24,538
1,427	1,254	1,418	1,584	2,174	1,356
1,736	1,720	1,832	1,970	1,920	1,940
<u>\$ 5,169,224</u>	<u>\$ 4,429,482</u>	<u>\$ 2,999,927</u>	<u>\$ 2,839,161</u>	<u>\$ 3,169,521</u>	<u>\$ 3,223,614</u>

Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund

Fiscal Year Ended June 30
(In Thousands)

	2023	2022	2021	2020	2019	2018
<u>Changes in Net Position</u>						
Operating revenues						
Management services	\$ 1,463	\$ 1,198	\$ 1,517	\$ 1,144	\$ 1,717	\$ 1,245
Advisor services	3,119	2,580	2,100	1,868	1,725	1,463
Custodian services	285	224	174	160	168	134
Total operating revenues	<u>4,867</u>	<u>4,002</u>	<u>3,791</u>	<u>3,172</u>	<u>3,610</u>	<u>2,842</u>
Operating expenses						
Advisor fees	3,119	2,580	2,101	1,868	1,725	1,463
Management fees	761	738	693	743	716	670
Trustee fees	4	2	-	-	-	-
Professional service fees	253	256	277	275	272	244
Fiduciary bond	20	20	20	20	20	20
Custodian fees	284	225	174	161	168	131
General and administrative expenses	245	237	225	258	297	256
Depreciation	3	3	3	4	3	2
Total operating expenses	<u>4,689</u>	<u>4,061</u>	<u>3,493</u>	<u>3,329</u>	<u>3,201</u>	<u>2,786</u>
Operating income (loss)	<u>178</u>	<u>(59)</u>	<u>298</u>	<u>(157)</u>	<u>409</u>	<u>56</u>
Change in net position	<u>\$ 178</u>	<u>\$ (59)</u>	<u>\$ 298</u>	<u>\$ (157)</u>	<u>\$ 409</u>	<u>\$ 56</u>
<u>Net Position at Year-End</u>						
Investment in capital assets	\$ 7	\$ 6	\$ 3	\$ 6	\$ 5	\$ 5
Unrestricted	<u>1,709</u>	<u>1,532</u>	<u>1,594</u>	<u>1,293</u>	<u>1,451</u>	<u>1,042</u>
Total net position	<u>\$ 1,716</u>	<u>\$ 1,538</u>	<u>\$ 1,597</u>	<u>\$ 1,299</u>	<u>\$ 1,456</u>	<u>\$ 1,047</u>

(Continued)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,383	\$ 1,290	\$ 1,297	\$ 1,353
1,345	1,366	1,553	1,486
116	126	132	129
<u>2,844</u>	<u>2,782</u>	<u>2,982</u>	<u>2,968</u>
1,345	1,366	1,553	1,486
637	642	613	591
-	-	-	-
265	231	229	254
19	19	18	44
119	126	132	129
280	266	258	216
2	1	2	3
<u>2,667</u>	<u>2,651</u>	<u>2,805</u>	<u>2,723</u>
<u>177</u>	<u>131</u>	<u>177</u>	<u>245</u>
<u>\$ 177</u>	<u>\$ 131</u>	<u>\$ 177</u>	<u>\$ 245</u>
\$ 4	\$ 4	\$ 1	\$ 3
<u>987</u>	<u>810</u>	<u>682</u>	<u>503</u>
<u>\$ 991</u>	<u>\$ 814</u>	<u>\$ 683</u>	<u>\$ 506</u>

Table 7: Schedule of Net Asset Values — Consolidated Fund Operating Pools

June 30, 2023

(In Thousands except for Investment Unit Data)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool
Paid-in capital	\$ 9,878,275	\$ 375,407	\$ 721,120
Accumulated undistributed net investment income (loss)	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	-
Unrealized net appreciation (depreciation) of investments	-	-	(19,643)
Net position at value	<u>\$ 9,878,275</u>	<u>\$ 375,407</u>	<u>\$ 701,477</u>
Investment unit data:			
Units outstanding	9,878,274,493	375,406,907	7,067,639
Net position, unit price	\$ 1.00	\$ 1.00	\$ 99.25

Table 8: Portfolio Statistics — Consolidated Fund Operating Pools**June 30, 2023**

	<u>West Virginia Money Market</u>	<u>West Virginia Government Money Market</u>	<u>West Virginia Short Term Bond Pool</u>
Weighted Average Days to Maturity	29 days	17 days	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	609 days
Effective Duration Permissible Range Per Board Guidelines	N/A	N/A	470 to 873 day range
Money Market Yield - Monthly	5.28%	5.04%	N/A

The money market yield represents the rate of income, net of expenses, earned over the past month and is not intended to indicate future performance. The return is annualized over a 365-day year, assuming no reinvestment of earnings.

Table 9: Participant Net Asset Values — Consolidated Fund Operating Pools

June 30, 2023

(In Thousands)

WV Money Market Pool		
State Agencies:		
WV State Treasurer's Office:		
State Participation	\$ 3,940,349	
Banking Services	401,743	
Broadband Loan Guarantee	26,050	
Unclaimed Prop Fund Invest	102,436	
Safekeeping	38,492	
Roads to Prosperity	691	
Prepaid Tuition Trust	1,044	
College&Jumpstart Savings	3,781	
Safe Road Bonds	162	
Veterans Lottery	3,858	
Savings & Investment Programs	1,332	
Total WV State Treasurer's Office	<u>4,519,938</u>	
Department of Transportation	1,474,840	
WV Economic Development Authority	1,166,838	
Governor's Office	26,691	
Higher Education Policy Commission	273,180	
WV Housing Development Fund	116,648	
Department of Commerce	113,062	
Department of Environmental Protection	266,381	
Public Employees Insurance Agency	108,214	
WV Lottery Commission	273,487	
Water Development Authority	512,160	
Division of Natural Resources	92,892	
School Board Authority	94,559	
WV Municipal Pension Oversight Board	26,067	
Regional Jail Authority	36,200	
West Virginia University	55,605	
Board of Risk and Insurance Management	29,220	
Department of Health and Human Resources	24,051	
Insurance Commission	5,941	
WV State Auditor's Office	9,439	
Department of Administration	10,351	
Performance and wage bond accounts	18,796	
Other	4,533	
Total State Agencies	<u>9,259,093</u>	
Local Governments:		
Cabell County Board of Education		152,597
Jefferson Conty Board of Education		36,819
Mercer County Board of Education		29,571
Wetzel County Board of Education		22,801
Putnam County Board of Education		36,274
Hampshire County Board of Education		16,337
City of Charleston		38,341
Marshall County Board of Education		44,507
Fayette County Board of Education		16,465
Mason County Board of Education		16,717
Taylor County Board of Education		10,694
Wood Co Board of Education		6,933
Tyler Co Board of Education		20,410
Berkeley County Board of Education		30,645
Roane County Board of Education		2,185
Kanawha Emergency Operations Center		7,965
Taylor County Commission General Fund		7,305
Lincoln County Board of Education		8,499
Braxton County Board of Education		5,771
Berkeley County PSWD		8,931
Kanawha County Emergency Ambulance Authority		9,926
City of Weirton		4,571
Boone County Commission		3,865
Pleasants County Board of Education		6,184
Clarksburg Water Board		7,802
Berkeley County PSSD		4,575
Whitehall PSD		1,391
City of Dunbar		2,076
Greenbrier County Board of Education		1,509
Fayette County Commission		2,234
Lewis County Board of Education		1,083
Ritchie County Board of Education		1,487
Wyoming County Board of Education		1,151
Pleasants County Commission		1,092
Jackson County Sheriff		1,783
North Beckley PSD		1,294
Upshur Board of Education		3,135
Mason County Commission		2,248
Hinton General Fund		1,129
Town of Barboursville		5,673
Town of Ripley		5,526
Putnam County Development Authority Park Funds		1,309
Greenbrier County Farmland Protection Board		2,144
Taylor County Commission - COAL		2,018
Huntington Water Quality Sanitary Board		9,305
Other		14,905
Total Local Governments		<u>619,182</u>
Total net asset value		<u>\$ 9,878,275</u>

WV Government Money Market Pool		
State Agencies:		
Municipal Bond Commission	\$ 193,337	
WV State Treasurer's Office - SSBCI	18,451	
Department of Environmental Protection	9,143	
Other	14,768	
Total State Agencies	<u>235,699</u>	
Local Governments:		
Berkeley Co Bd of Ed Investment Account	129,470	
Randolph Co Bd of Ed Investment Account	3,934	
Upshur Co Bd of Ed Investment Account	3,593	
Hancock County Commission	1,206	
Other	1,505	
Total Local Governments	<u>139,708</u>	
Total net asset value	<u>\$ 375,407</u>	

WV Short Term Bond Pool		
State Agencies:		
WV State Treasurer's Office:		
State Participation		\$ 314,678
Banking Services		<u>184,400</u>
Total WV State Treasurer's Office		<u>499,078</u>
Department of Environmental Protection		124,224
WV Economic Development Authority		19,097
WV Municipal Pension Oversight Board		9,798
Higher Education Policy Commission		6,339
WV Court of Claims		6,155
DHHR - Children's Health Insurance		3,717
WV Parkways Authority		3,575
Department of Transportation		2,344
Other		1,539
Total State Agencies		<u>675,866</u>
Local Governments:		
City of Charleston Pension Reserves		24,444
Other		1,167
Total Local Governments		<u>25,611</u>
Total net asset value		<u>\$ 701,477</u>

Glossary of Financial and Investment Terms

Agency Security - A security issued by a U.S. Government agency, such as the Federal Home Loan Bank. These securities have high credit ratings but are typically not backed by the full faith and credit of the U.S. Government.

Asset-Backed Commercial Paper (ABCP) - A form of commercial paper that is collateralized by other financial assets such as trade receivables, auto loans and credit cards. Similar to commercial paper, maturities range from one to 270 days.

Asset-Backed Security (ABS) - A financial security that is collateralized by a pool of assets such as loans, leases, credit card debt, royalties or receivables.

Banker's Acceptance - A high quality, short-term negotiable discount note drawn on and accepted by banks that are obligated to pay the face amount at maturity.

Basis Point - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield. One hundred basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Capital Gain (Loss) - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

Certificate of Deposit (CD) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Commercial Paper (CP) - Short-term obligations with maturities ranging from one to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Compounded Annual Total Return - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return smooths fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates because it is set daily by the market.

Federal Open Market Committee (FOMC) - A committee within the Federal Reserve System that is responsible by law for overseeing the nation's open market operations (the Fed's buying and selling of securities in the market). The FOMC makes key decisions about interest rates and the growth of the United States money supply.

Federal Reserve Board - The governing body of the Federal Reserve System (twelve regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes Federal Reserve System policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Floating Rate Note - Securities with a variable coupon rate that is adjusted at set intervals, such as daily, weekly, or monthly. The coupon rate is based on a benchmark interest rate, such as LIBOR, Fed Funds, and Treasury Bills plus or minus a spread.

Gross Domestic Product (GDP) - Total final value of goods and services produced in the United States over a particular period of time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Examples: S&P Index, Lehman Brothers Aggregate Index, Russell 2000 Index.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

London Interbank Offered Rate (LIBOR) - A benchmark interest rate that is calculated daily from estimates submitted by a panel of leading banks in London. Each bank estimates what interest rate it would be charged if it were to borrow from other banks. LIBOR rates are calculated in five currencies and for seven borrowing periods ranging from overnight to

one year. Most LIBOR settings will stop being issued at the end of 2021, with certain U.S. dollar settings continuing to be provided until the end of June 2023.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Money Market Fund (MMF) - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. MMF's are managed to maintain a net asset value of \$1 per share.

Mortgage-Backed Security (MBS) - A mortgage-backed security is a type of ABS that is secured by a mortgage or collection of mortgages. There are multiple sub-types of MBS, such as pass-through securities, collateralized mortgage obligations, and commercial mortgage-backed securities. MBS are classified as agency, or government, MBS and non-agency, or private label, MBS. Agency MBS are issued by government sponsored enterprises such as Fannie Mae, Freddie Mac or Ginnie Mae. Certain agency MBS are fully guaranteed as to repayment of principal and interest by the U.S. government. Non-agency MBS are issued by non-governmental issuers such as trusts and other special purpose entities.

Net Asset Value (NAV) - The total assets minus total liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks; however, for bonds it specifies the payment amount at maturity.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Repurchase Agreements (Repos) - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements (Reverse Repos) - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

Secured Overnight Financing Rate (SOFR) - SOFR is a benchmark interest rate for dollar-denominated derivatives, loans and securities that is replacing LIBOR. SOFR is based on transactions in the Treasury repurchase market and is seen as preferable to LIBOR since it is based on data from observable transactions rather than on estimated borrowing rates.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semi-annual coupon payments and are sold at or near par value in denominations of \$1,000 or more.

Turnover - The minimum of security purchases or sales divided by the fiscal year's beginning and ending fair value for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

Yield Curve - A graphical representation of the interest rates on debt for a range of maturities. The shape of the yield curve refers to the relative difference, or spread, between longer-term and shorter-term interest rates. Yield curves are used to assess the expected future state of the economy and play a crucial role in credit modeling, including bond valuation and risk and rating assessment.

Yield to Maturity - The total return anticipated on a bond if it is held until maturity. Yield to maturity is expressed as an annual rate.