

West Virginia Investment Management Board

2021 AUDITED FINANCIAL STATEMENTS

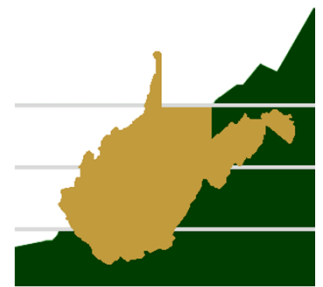


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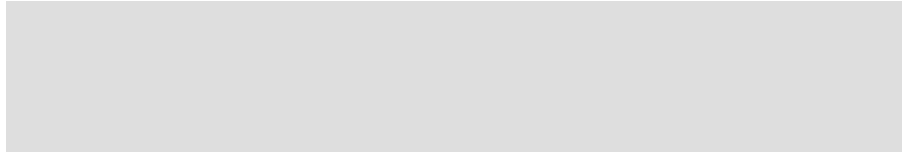
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AUDITED FINANCIAL STATEMENTS

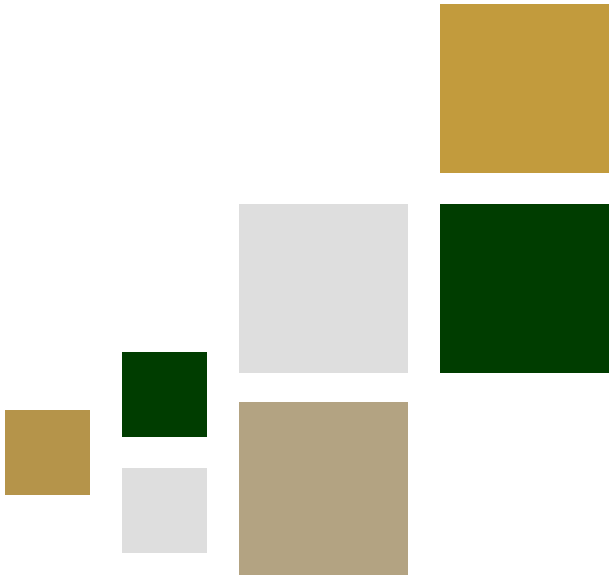


INVESTMENT POOLS
Year Ended June 30, 2021

AUDITED FINANCIAL STATEMENTS
June 30, 2021

A

PORTABLE ALPHA POOL



Portable Alpha Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Portable Alpha Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Portable Alpha Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Portable Alpha Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages A-1 through A-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

Portable Alpha Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Portable Alpha (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

On July 1, 2020, the IMB created the Portable Alpha Pool (Pool). Portable alpha is an investment strategy that uses derivatives to obtain market index returns (beta). Cash that is not needed to support the derivative investments is invested in a separate investment strategy designed to provide additional return (alpha). On July 1, 2020, assets and liabilities with a fair value of \$1,841,727 were transferred in-kind from the Domestic Equity Pool. BlackRock was hired as a transition manager to liquidate investments to raise cash necessary to fund the portable alpha strategy. This transition was successfully completed during July 2020, and on August 1, 2020, \$227,016 in investment securities that exceeded the amount needed to fund the portable alpha program were transferred in-kind to the Large Cap Domestic Equity Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred in-kind from the Large Cap Domestic Equity Pool.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods. The Pool has three main components: 1) a domestic large capitalization equity beta replication manager and the related margin account which is comprised of fixed income securities and a money market mutual fund, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity index manager.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2021
Investments	\$ 5,142,215
Investment derivatives	32,308
Other assets	1,675
Total assets	5,176,198
Total liabilities	(90,013)
Net position	\$ 5,086,185

Portable Alpha Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$5,086,185 results from net investment income of \$1,404,349 and a net increase from unit transactions of \$3,681,836. The net increase in unit transactions was comprised of a net increase from in-kind transfers of \$3,778,171 and a net decrease from the purchases and sales of units of \$96,335.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Year Ended June 30, 2021
Investment income	\$ 1,406,413
Expenses	(2,064)
Net investment income	1,404,349
Net units issued	3,681,836
Increase in net position	5,086,185
Net position, beginning of year	-
Net position, end of year	<u>\$ 5,086,185</u>

The investment income of the Pool is primarily from the net increase in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 42.9 percent.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Year Ended June 30, 2021
Net position, beginning of year	\$ 35.00
Net investment income	15.06
Net position, end of year	<u>\$ 50.06</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.05%
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- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.

Portable Alpha Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 1,186,123
Commingled equity fund	2,852,933
Fixed income investments	675,840
Derivative instruments	32,308
Money market mutual fund	427,319
Receivable for interest and dividends	<u>1,675</u>
Total assets	5,176,198

Liabilities

Cash received from brokers for derivative contracts	14,557
Accrued expenses	456
Payable for investments purchased	<u>75,000</u>
Total liabilities	<u>90,013</u>
Net position	<u><u>\$ 5,086,185</u></u>

Unit data

Units outstanding	101,592,620
Net position, unit price	<u><u>\$ 50.06</u></u>

See accompanying notes to financial statements.

Portable Alpha Pool

Statement of Changes in Net Position

Year Ended June 30, 2021

(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 1,400,650
Interest, dividends, and other investment income	5,755
Securities lending income	<u>8</u>

Total investment income 1,406,413

Expenses

Investment advisor fees	(808)
Custodian bank fees	(25)
Management and other allocated fees	(1,040)
Professional service fees - direct	(190)
Securities lending expenses	<u>(1)</u>

Total expenses (2,064)

Net investment income 1,404,349

Unit transactions

In-kind transfers in	4,005,187
In-kind transfers out	(227,016)
Proceeds from sale of units	201,890
Amount paid for repurchase of units	<u>(298,225)</u>

Net increase from unit transactions 3,681,836

Increase in net position 5,086,185

Net position, beginning of year -

Net position, end of year \$ 5,086,185

See accompanying notes to financial statements.

Portable Alpha Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

On July 1, 2020, the IMB created the Portable Alpha Pool (Pool). Portable alpha is an investment strategy that uses derivatives to obtain market index returns (beta). Cash that is not needed to support the derivative investments is invested in a separate investment strategy designed to provide additional return (alpha). On July 1, 2020, assets and liabilities with a fair value of \$1,841,727 were transferred in-kind from the Domestic Equity Pool. BlackRock was hired as a transition manager to liquidate investments to raise cash necessary to fund the portable alpha strategy. This transition was successfully completed during July 2020, and on August 1, 2020, \$227,016 in investment securities that exceeded the amount needed to fund the portable alpha program were transferred in-kind to the Large Cap Domestic Equity Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred in-kind from the Large Cap Domestic Equity Pool.

The accompanying financial statements reflect only the investments and investment related operations of the Pool. They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods. The Pool has three main components: 1) a domestic large capitalization equity beta replication manager and the related margin account, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity index manager. Russell Investments Implementation Services, LLC (Russell) is the equity beta replication manager. Russell primarily trades S&P 500 futures contracts and invests the margin account in fixed income securities and a money market mutual fund. Albourne America, LLC has been retained by the IMB to provide consulting services for the portfolio of alternative risk premia funds. The remainder of the Pool's assets are invested in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 5 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Futures contracts are valued at the last settlement price established each day by the exchange on which they are traded.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Investments in alternative risk premia funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2021.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Securities Lending - Through November 2020, the IMB, through its lending agent, Northern Trust, lent securities of the Pool to various brokers on a temporary basis. The IMB received compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities were rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index.

The market risk associated with holding equity index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions.

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments and money market mutual fund investment. The IMB limits the exposure to credit risk in the Pool by requiring securities purchased to have a minimum long-term rating of BBB (investment grade) and/or a short-term rating of A-2 (Tier-II). The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2021:

<u>Rating</u>	<u>Fair Value</u>
<i>Long-term</i>	
AAA	\$ 365,241
AA	25,419
A	68,428
BBB	17,563
<i>Short-term</i>	
A-1	192,091
A-2	7,098
Total fixed income investments	<u>\$ 675,840</u>

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no securities that were subject to custodial credit risk. Investments in the commingled equity fund and money market mutual fund are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments and money market mutual fund investment. As of June 30, 2021, the money market mutual fund has a weighted average maturity (WAM) of 41 days.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The IMB monitors interest rate risk of the Pool by evaluating the modified duration of the investments in the Pool. Modified duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The following table provides the weighted average modified duration for the various asset types in the Pool as of June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
Certificates of deposit	\$ 20,003	0.2
Commercial paper	179,186	0.1
Corporate asset backed issues	22,397	0.4
Foreign corporate bonds	69,371	0.3
U.S. corporate bonds	35,764	0.5
U.S. Government agency bonds	6,275	2.9
U.S. Treasury bonds	228,071	6.7
U.S. Treasury inflation protected securities	114,773	7.1
Total fixed income investments	<u>\$ 675,840</u>	

The Pool invests in asset-backed securities. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2021, the Pool held \$22,397 of these securities. This represents approximately 3.0 percent of the value of the Pool's fixed income securities and less than 0.5 percent of the value of the Pool's total investments.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool are limited to equity index futures. These futures are not designated as hedging instruments under GASB Statement No. 53; they are used to obtain S&P 500 market exposure. See Notes 1 and 2 for additional information on the Pool's purpose for entering into derivatives and for discussion on the risks associated with investing in these derivatives.

The table below presents the fair value, the net increase in fair value, and the notional amount of derivative financial instruments outstanding as of and for the year ended June 30, 2021:

<u>Derivative Type</u>	<u>Fair Value</u>	<u>Net Increase in Fair Value of Investments</u>	<u>Notional Value</u>
Futures contracts:			
Equity index futures long	<u>\$ 32,308</u>	<u>\$ 565,142</u>	<u>\$ 2,420,700</u>

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2021. All of the Pool's investments in alternative risk premia funds (ARP) were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 20,003	\$ -	\$ 20,003
Commercial paper	-	179,186	-	179,186
Commingled equity fund	2,852,933	-	-	2,852,933
Corporate asset backed issues	-	22,397	-	22,397
Foreign corporate bonds	-	69,371	-	69,371
Futures contracts	32,308	-	-	32,308
Money market mutual fund	427,319	-	-	427,319
U.S. corporate bonds	-	35,764	-	35,764
U.S. Government agency bonds	-	6,275	-	6,275
U.S. Treasury bonds	-	228,071	-	228,071
U.S. Treasury inflation protected securities	-	114,773	-	114,773
Total	<u>\$ 3,312,560</u>	<u>\$ 675,840</u>	<u>\$ -</u>	<u>\$ 3,988,400</u>
Alternative risk premia funds				1,186,123
Total				<u>\$ 5,174,523</u>

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

The following table presents information on investments measured at the NAV as of June 30, 2021:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 149,016	Monthly	10 days
Multi-Premia (b)	1,037,107	Weekly, Semimonthly, Monthly	3 to 30 days
	<u>\$ 1,186,123</u>		

- (a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) Multi-premia strategies combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through allocation adjustments based on market opportunities. Risk is managed through a variety of quantitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 15 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

NOTE 6. SCHEDULE OF PARTICIPATION

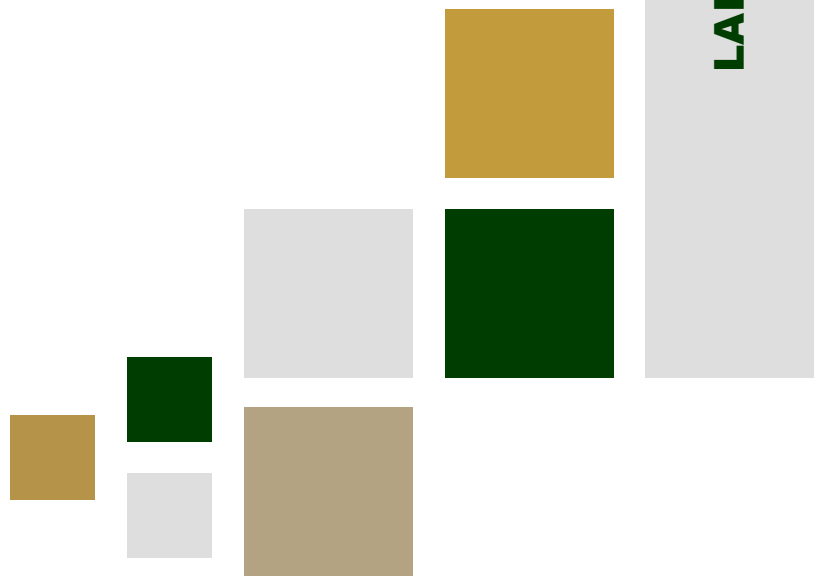
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

Participant	Account Value
Teachers' Retirement System	\$ 2,248,941
Public Employees' Retirement System	2,014,704
West Virginia Retiree Health Benefit Trust Fund	368,871
State Police Death, Disability and Retirement Fund	190,006
Deputy Sheriff's Retirement System	71,732
State Police Retirement System	68,297
Judges' Retirement System	64,243
Emergency Medical Services Retirement System	27,136
Wildlife Endowment Fund	17,708
Natural Resources Police Officer Retirement System	5,665
Municipal Police Officers' and Firefighters' Retirement System	5,251
Berkeley County Development Authority	1,928
Municipal Policemen's or Firemen's Pension and Relief Funds	1,703
Total	<u>\$ 5,086,185</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021

B

LARGE CAP DOMESTIC EQUITY POOL



Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2021

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Management's Discussion and Analysis

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Large Cap Domestic Equity Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Large Cap Domestic Equity Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Large Cap Domestic Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages B-1 through B-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

On July 1, 2020, the IMB created the Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of large-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$2,077,583 were transferred in-kind from the Domestic Equity Pool. On August 1, 2020, assets with a fair value of \$227,016 were transferred in-kind from the Portable Alpha Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Portable Alpha Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred out of the Pool.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. The Pool invests in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2021
Investments	\$ 372,898
Total liabilities	(21)
Net position	<u>\$ 372,877</u>

Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the large-cap U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$372,877 results from net investment income of \$274,082 and a net increase from unit transactions of \$98,795. The net increase in unit transactions was comprised of a net increase from in-kind transfers of \$141,139 and a net decrease from the purchases and sales of units of \$42,344.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Year Ended
	June 30, 2021
Investment income	\$ 274,395
Expenses	(313)
Net investment income	274,082
Net units issued	98,795
Increase in net position	372,877
Net position, beginning of year	-
Net position, end of year	\$ 372,877

The investment income of the Pool is from the net increase in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 40.7 percent.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Year Ended
	June 30, 2021
Net position, beginning of year	\$ 35.00
Net investment income	14.23
Net position, end of year	\$ 49.23

Supplemental Data:

Ratio of expenses to average net position (a) 0.04%

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

Large Cap Domestic Equity Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

Commingled equity fund

\$ 367,198

Money market mutual fund

5,700

Total assets

372,898

Liabilities

Accrued expenses

21

Net position

\$ 372,877

Unit data

Units outstanding

7,573,583

Net position, unit price

\$ 49.23

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Position Year Ended June 30, 2021 *(Amounts in thousands)*

Investment income

Net increase in fair value of investments	\$ 274,395
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Expenses

Investment advisor fees	(66)
Custodian bank fees	(1)
Management and other allocated fees	<u>(246)</u>

Total expenses	<u>(313)</u>
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Net investment income	274,082
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Unit transactions

In-kind transfers in	2,304,599
In-kind transfers out	(2,163,460)
Proceeds from sale of units	123,919
Amount paid for repurchase of units	<u>(166,263)</u>

Net increase from unit transactions	<u>98,795</u>
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Increase in net position	372,877
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Net position, beginning of year	<u>-</u>
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Net position, end of year	<u><u>\$ 372,877</u></u>
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See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

On July 1, 2020, the IMB created the Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of large-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$2,077,583 were transferred in-kind from the Domestic Equity Pool. On August 1, 2020, assets with a fair value of \$227,016 were transferred in-kind from the Portable Alpha Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Portable Alpha Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred out of the Pool.

The accompanying financial statements reflect only the investments and investment related operations of the Pool. They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. The Pool invests in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value as determined in accordance with the IMB's established procedures.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool is exposed to credit risk and interest rate risk from its money market mutual fund investment. As of June 30, 2021, the money market mutual fund has the highest credit rating and has a weighted average maturity (WAM) of 41 days. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2021:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled equity fund	\$ 367,198	\$ -	\$ -	\$ 367,198
Money market mutual fund	5,700	-	-	5,700
Total	<u>\$ 372,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,898</u>

NOTE 5. SCHEDULE OF PARTICIPATION

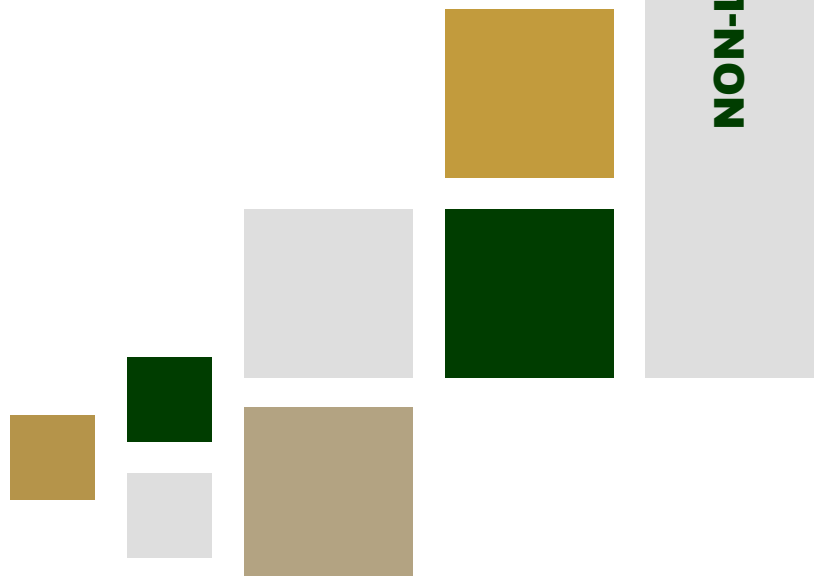
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 153,094
Revenue Shortfall Reserve Fund - Part B	58,820
West Virginia Department of Environmental Protection Agency	46,111
Coal Workers' Pneumoconiosis Fund	35,133
Public Employees Insurance Agency	32,032
Board of Risk and Insurance Management	27,605
Workers' Compensation Self-Insured Employer Security Risk Pool	7,906
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,639
West Virginia Department of Environmental Protection Trust	3,556
Workers' Compensation Uninsured Employers' Fund	2,392
Municipal Policemen's or Firemen's Pension and Relief Funds	589
Total	<u>\$ 372,877</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021



NON-LARGE CAP DOMESTIC EQUITY POOL



Non-Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Non-Large Cap Domestic Equity Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Non-Large Cap Domestic Equity Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Non-Large Cap Domestic Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management’s discussion and analysis on pages C-1 through C-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

Non-Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Non-Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

On July 1, 2020, the IMB created the Non-Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of small- and mid-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$790,270 were transferred in-kind from the Domestic Equity Pool.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets were managed by Westfield Capital Management for the entire fiscal year. Assets were managed by AJO Partners from July 1, 2020, until November 30, 2020, when they ceased trading client accounts in preparation to close the firm on December 31, 2020. Russell Implementation Services (Russell) was hired on a transition basis, effective December 1, 2020, until a long-term replacement could be found. In June 2021, the IMB signed a contract with Cooper Creek Partners Management LLC (Cooper Creek) as the long-term replacement for AJO Partners, with an effective date of July 1, 2021. During June 2021, Russell traded their investment portfolio in line with the Cooper Creek target portfolio.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2021
Investments	\$ 995,522
Other assets	1,847
Total assets	997,369
Total liabilities	(70,715)
Net position	\$ 926,654

Non-Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the small- and mid-cap U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$926,654 results from net investment income of \$382,249 and a net increase from unit transactions of \$544,405. The net increase in unit transactions was comprised of an increase from an in-kind transfer of \$790,270 and a net decrease from the purchases and sales of units of \$245,865.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Year Ended June 30, 2021
Investment income	\$ 383,350
Expenses	(1,101)
Net investment income	382,249
Net units issued	544,405
Increase in net position	926,654
Net position, beginning of year	-
Net position, end of year	\$ 926,654

The investment income of the Pool consists primarily of the net increase in fair value of investments and dividends received on equity securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 54.0 percent.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Year Ended June 30, 2021
Net position, beginning of year	\$ 35.00
Net investment income	18.90
Net position, end of year	\$ 53.90

Supplemental Data:

Ratio of expenses to average net position (a)	0.12%
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(a) The ratio is for the fiscal year and excludes securities lending expenses.

Non-Large Cap Domestic Equity Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Equity investments	\$	815,805
Money market mutual fund		125,371
Securities lending collateral		54,346
Receivables:		
Investments sold		1,419
Dividends and other investment income		428
		<hr/>
Total assets		997,369

Liabilities

Accrued expenses		168
Payable for investments purchased		16,201
Payable upon return of securities loaned		54,346
		<hr/>
Total liabilities		70,715
		<hr/>
Net position	\$	926,654
		<hr/> <hr/>

Unit data

Units outstanding		17,192,353
Net position, unit price	\$	53.90
		<hr/> <hr/>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Position

Year Ended June 30, 2021

(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$	369,347
Interest, dividends, and other investment income		13,733
Securities lending income		270

Total investment income 383,350

Expenses

Investment advisor fees		(766)
Custodian bank fees		(59)
Management and other allocated fees		(241)
Securities lending expenses		(35)

Total expenses (1,101)

Net investment income 382,249

Unit transactions

In-kind transfers		790,270
Proceeds from sale of units		2,951
Amount paid for repurchase of units		(248,816)

Net increase from unit transactions 544,405

Increase in net position 926,654

Net position, beginning of year -

Net position, end of year \$ 926,654

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

On July 1, 2020, the IMB created the Non-Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of small- and mid-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$790,270 were transferred in-kind from the Domestic Equity Pool.

The accompanying financial statements reflect only the investments and investment related operations of the Pool. They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets were managed by Westfield Capital Management for the entire fiscal year. Assets were managed by AJO Partners from July 1, 2020, until November 30, 2020, when they ceased trading client accounts in preparation to close the firm on December 31, 2020. Russell Implementation Services (Russell) was hired on a transition basis, effective December 1, 2020, until a long-term replacement could be found. In June 2021, the IMB signed a contract with Cooper Creek Partners Management LLC (Cooper Creek) as the long-term replacement for AJO Partners, with an effective date of July 1, 2021. During June 2021, Russell traded their investment portfolio in line with the Cooper Creek target portfolio.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

- Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for U.S. securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received. The required percentage for cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned. The required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. These contracts, when entered into, correspond to investment transactions trading in foreign currencies. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2021, the money market mutual fund's weighted average maturity (WAM) was 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2021, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk

The Pool is exposed to foreign currency risk through a foreign common stock denominated in Canadian Dollars with a fair value, in U.S. dollars, of \$6,561 as of June 30, 2021. The remaining foreign common stock investments as of June 30, 2021 are denominated in U.S. dollars.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 753,773	\$ -	\$ -	\$ 753,773
Foreign common stock	62,032	-	-	62,032
Money market mutual fund	125,371	-	-	125,371
Securities lending collateral	54,346	-	-	54,346
Total	<u>\$ 995,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995,522</u>

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2021:

	Fair Value
Securities on loan	<u>\$ 105,771</u>
Collateral received:	
Cash	\$ 54,346
Non-cash	54,918
Total collateral received	<u>\$ 109,264</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 6. SCHEDULE OF PARTICIPATION

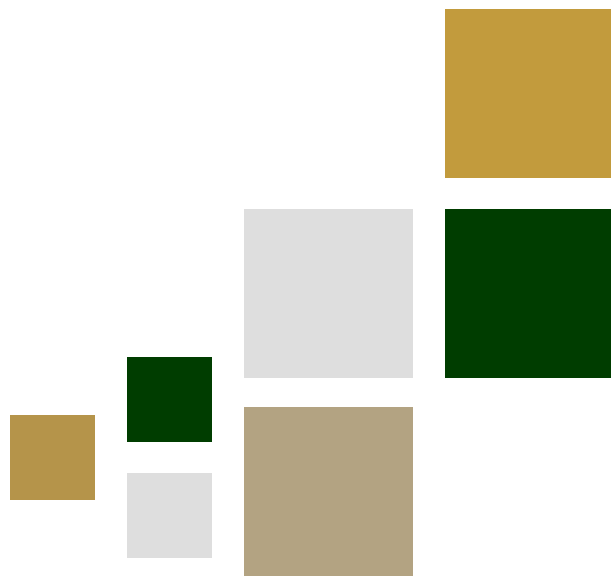
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 381,614
Public Employees' Retirement System	341,413
West Virginia Retiree Health Benefit Trust Fund	61,930
State Police Death, Disability and Retirement Fund	32,539
Workers' Compensation Old Fund	26,839
Deputy Sheriff's Retirement System	12,113
State Police Retirement System	11,510
Judges' Retirement System	10,830
Revenue Shortfall Reserve Fund - Part B	10,147
West Virginia Department of Environmental Protection Agency	7,901
Coal Workers' Pneumoconiosis Fund	6,144
Public Employees Insurance Agency	5,426
Board of Risk and Insurance Management	4,738
Emergency Medical Services Retirement System	4,567
Wildlife Endowment Fund	3,018
Workers' Compensation Self-Insured Employer Security Risk Pool	1,382
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	975
Natural Resources Police Officer Retirement System	944
Municipal Police Officers' and Firefighters' Retirement System	878
West Virginia Department of Environmental Protection Trust	619
Workers' Compensation Uninsured Employers' Fund	412
Municipal Policemen's or Firemen's Pension and Relief Funds	390
Berkeley County Development Authority	325
Total	<u>\$ 926,654</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021

D

INTERNATIONAL QUALIFIED POOL



International Qualified Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board International Qualified Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Qualified Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Qualified Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages D-1 through D-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

International Qualified Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool was established to gain exposure to the international equity market with the objective to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annual basis over three- to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in the Pool.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 1,451,822	\$ 1,029,369
Total liabilities	(51)	(45)
Net position	<u>\$ 1,451,771</u>	<u>\$ 1,029,324</u>

International Qualified Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$422,447 results from net investment income of \$372,113 and a net increase from unit transactions of \$50,334.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income (loss)	\$ 378,985	\$ (115,988)
Expenses	(6,872)	(6,551)
Net investment income (loss)	372,113	(122,539)
Net units issued (redeemed)	50,334	(149,612)
Increase (decrease) in net position	422,447	(272,151)
Net position, beginning of year	1,029,324	1,301,475
Net position, end of year	<u>\$ 1,451,771</u>	<u>\$ 1,029,324</u>

The investment income (loss) of the Pool is from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 34.5 percent, up from (9.6) percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 67.58	\$ 74.96
Net investment income (loss)	23.29	(7.38)
Net position, end of year	<u>\$ 90.87</u>	<u>\$ 67.58</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.55%	0.54%
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- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

International Qualified Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 1,451,822

Liabilities

Accrued expenses 51

Net position \$ 1,451,771

Unit data

Units outstanding 15,976,348

Net position, unit price \$ 90.87

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income

Net increase in fair value of investments \$ 378,985

Expenses

Investment advisor fees (6,532)

Management and other allocated fees (340)

Total expenses (6,872)

Net investment income 372,113

Unit transactions

Proceeds from sale of units 53,922

Amount paid for repurchase of units (3,588)

Net increase from unit transactions 50,334

Increase in net position 422,447

Net position, beginning of year 1,029,324

Net position, end of year \$ 1,451,771

See accompanying notes to financial statements.

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in The Silchester International Investors International Value Equity Group Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in the Pool. Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Commingled investment funds are valued on the last business day of each month at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value in accordance with the IMB's established procedures.

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

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2021, was \$1,451,822. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The investment in Silchester is valued using the NAV. As Silchester is the only investment in the Pool, a fair value hierarchy table is not presented.

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

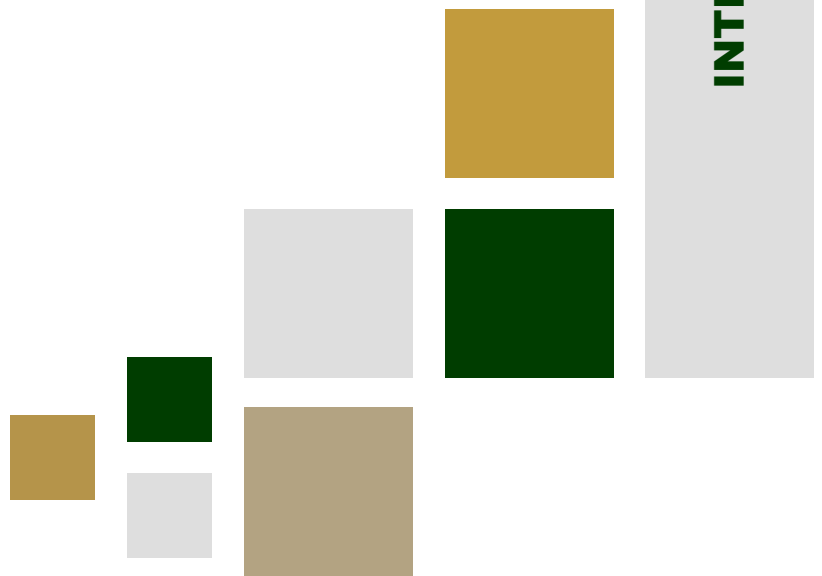
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 696,272
Public Employees' Retirement System	621,044
State Police Death, Disability and Retirement Fund	59,755
Deputy Sheriff's Retirement System	21,986
State Police Retirement System	20,792
Judges' Retirement System	19,676
Emergency Medical Services Retirement System	8,263
Natural Resources Police Officer Retirement System	1,704
Municipal Police Officers' and Firefighters' Retirement System	1,571
Municipal Policemen's or Firemen's Pension and Relief Funds	708
Total	<u>\$ 1,451,771</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021

E

INTERNATIONAL NONQUALIFIED POOL



International Nonqualified Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board International Nonqualified Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Nonqualified Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Nonqualified Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages E-1 through E-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

International Nonqualified Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool was established to gain exposure to the international equity market with the objective to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annual basis over three- to five-year periods, net of external investment management fees. This Pool exists for participants who are not "qualified participants" (as defined by the *Internal Revenue Code*).

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 219,112	\$ 163,136
Total liabilities	(8)	(7)
Net position	<u>\$ 219,104</u>	<u>\$ 163,129</u>

International Nonqualified Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$55,975 results from net investment income of \$55,924 and a net increase from unit transactions of \$51.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income (loss)	\$ 57,115	\$ (18,906)
Expenses	(1,191)	(1,200)
Net investment income (loss)	55,924	(20,106)
Net units issued (redeemed)	51	(26,937)
Increase (decrease) in net position	55,975	(47,043)
Net position, beginning of year	163,129	210,172
Net position, end of year	<u>\$ 219,104</u>	<u>\$ 163,129</u>

The investment income (loss) of the Pool is from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 34.3 percent, up from (9.8) percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 61.64	\$ 68.55
Net investment income (loss)	21.13	(6.91)
Net position, end of year	<u>\$ 82.77</u>	<u>\$ 61.64</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.63%	0.62%
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- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

International Nonqualified Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	219,112
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Liabilities

Accrued expenses		<u>8</u>
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Net position	\$	<u>219,104</u>
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Unit data

Units outstanding		2,646,991
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Net position, unit price	\$	<u>82.77</u>
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See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 57,115
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Expenses

Investment advisor fees	(1,139)
Management and other allocated fees	<u>(52)</u>

Total expenses	<u>(1,191)</u>
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Net investment income	55,924
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Unit transactions

Proceeds from sale of units	3,551
Amount paid for repurchase of units	<u>(3,500)</u>

Net increase from unit transactions	<u>51</u>
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Increase in net position	55,975
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Net position, beginning of year	<u>163,129</u>
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Net position, end of year	<u><u>\$ 219,104</u></u>
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See accompanying notes to financial statements.

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*). Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Commingled investment funds are valued on the last business day of each month at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value in accordance with the IMB's established procedures.

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

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2021, was \$219,112. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The investment in Silchester is valued using the NAV. As Silchester is the only investment in the Pool, a fair value hierarchy table is not presented.

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

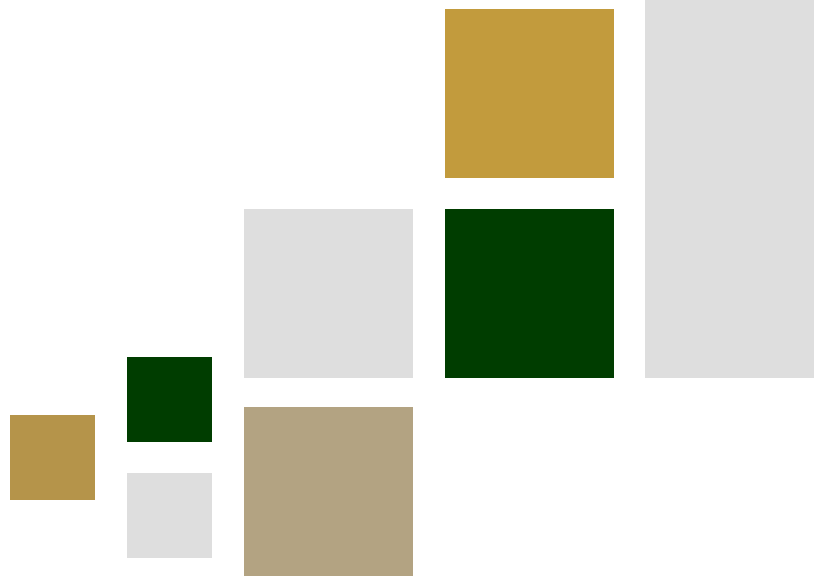
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 101,668
Workers' Compensation Old Fund	46,570
Revenue Shortfall Reserve Fund - Part B	17,763
West Virginia Department of Environmental Protection Agency	13,191
Coal Workers' Pneumoconiosis Fund	10,659
Public Employees Insurance Agency	9,573
Board of Risk and Insurance Management	8,061
Wildlife Endowment Fund	5,275
Workers' Compensation Self-Insured Employer Security Risk Pool	2,405
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,675
West Virginia Department of Environmental Protection Trust	1,033
Workers' Compensation Uninsured Employers' Fund	687
Berkeley County Development Authority	544
Total	<u>\$ 219,104</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021

F

INTERNATIONAL EQUITY POOL



International Equity Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board International Equity Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Equity Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages F-1 through F-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst & Young LLP

August 27, 2021

International Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 3,936,878	\$ 3,430,779
Other assets	30,290	43,496
Total assets	3,967,168	3,474,275
Total liabilities	(54,038)	(25,419)
Net position	<u>\$ 3,913,130</u>	<u>\$ 3,448,856</u>

International Equity Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$464,274 results from net investment income of \$1,403,799 and a net decrease from unit transactions of \$939,505.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income (loss)	\$ 1,422,740	\$ (34,299)
Expenses	(18,961)	(18,015)
Net investment income (loss)	1,403,779	(52,314)
Net units issued (redeemed)	(939,505)	237,833
Increase in net position	464,274	185,519
Net position, beginning of year	3,448,856	3,263,337
Net position, end of year	<u>\$ 3,913,130</u>	<u>\$ 3,448,856</u>

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments and dividends received on equity securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 46.1 percent, up from (2.7) percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 30.57	\$ 31.40
Net investment income (loss)	14.13	(0.83)
Net position, end of year	<u>\$ 44.70</u>	<u>\$ 30.57</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.50%	0.56%
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(a) The ratio is for the fiscal year and excludes securities lending expenses.

International Equity Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 3,812,660
Money market mutual fund	79,084
Securities lending collateral	45,134
Cash	11,799
Receivables:	
Investments sold	2,307
Dividends and other investment income	16,184
	<hr/>
Total assets	3,967,168

Liabilities

Accrued expenses	4,683
Accrued capital gains taxes	2,380
Payable for investments purchased	1,841
Payable upon return of securities loaned	45,134
	<hr/>
Total liabilities	54,038
	<hr/>
Net position	\$ 3,913,130

Unit data

Units outstanding	87,541,135
Net position, unit price	<hr/> <hr/> \$ 44.70

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position Year Ended June 30, 2021 (Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 1,325,848
Interest, dividends, and other investment income	95,822
Securities lending income	<u>1,070</u>
Total investment income	1,422,740

Expenses

Investment advisor fees	(16,821)
Custodian bank fees	(986)
Management and other allocated fees	(1,016)
Securities lending expenses	<u>(138)</u>
Total expenses	<u>(18,961)</u>
Net investment income	1,403,779

Unit transactions

Proceeds from sale of units	81,588
Amount paid for repurchase of units	<u>(1,021,093)</u>
Net decrease from unit transactions	<u>(939,505)</u>
Increase in net position	464,274
Net position, beginning of year	<u>3,448,856</u>
Net position, end of year	<u><u>\$ 3,913,130</u></u>

See accompanying notes to financial statements.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. Assets are managed by Acadian Asset Management, LLC, Allianz Global Investors, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies, commingled equity funds, and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

- Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received. The required percentage for cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is 105 percent unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned. The required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The managers, as listed in Note 1, enter into such contracts to correspond to investment transactions trading in foreign currencies. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of June 30, 2021.

In certain foreign countries, the Pool's dividend income and capital gains may be taxable. Taxes on dividend income are generally withheld from the payments and as a result there is no provision recorded for these taxes. In certain cases there may be a full or partial reclaim available for the withheld taxes. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2021, the money market mutual fund's weighted average maturity (WAM) was 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2021, the WAM for the Cash Collateral Account was 1 day.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Foreign Currency Risk

The Pool has equity investments, cash, and foreign currency spot contracts that are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of equity investments, cash, and foreign currency spot contracts as of June 30, 2021 are as follows:

Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 104,378	\$ 30	\$ -	\$ 104,408
Brazil Real	70,455	233	-	70,688
British Pound	268,235	179	-	268,414
Canadian Dollar	140,558	120	-	140,678
Chilean Peso	4,312	-	-	4,312
Chinese Yuan	65,675	2,068	-	67,743
Danish Krone	17,419	5	-	17,424
Emirati Dirham	5,243	-	-	5,243
Euro Currency Unit	467,252	172	-	467,424
Hong Kong Dollar	405,762	1,167	-	406,929
Hungarian Forint	15,976	166	-	16,142
Indian Rupee	115,465	5,632	-	121,097
Indonesian Rupiah	33,103	1	1	33,105
Israeli Shekel	542	(1)	-	541
Japanese Yen	383,698	1,535	-	385,233
Malaysian Ringgit	10,160	1	-	10,161
Mexican Peso	54,171	11	-	54,182
New Taiwan Dollar	177,597	32	-	177,629
New Zealand Dollar	384	35	-	419
Norwegian Krone	34,169	14	-	34,183
Philippine Peso	5,102	4	-	5,106
Polish Zloty	3,913	15	-	3,928
Qatari Riyal	159	11	-	170
Singapore Dollar	25,575	160	-	25,735
South African Rand	18,783	7	-	18,790
South Korean Won	258,055	-	(5)	258,050
Swedish Krona	100,537	33	-	100,570
Swiss Franc	101,305	52	-	101,357
Thailand Baht	42,631	9	-	42,640
Turkish Lira	4,720	108	-	4,828
Total	\$ 2,935,334	\$ 11,799	\$ (4)	\$ 2,947,129
U.S. Dollar	877,326	-	-	877,326
Total	\$ 3,812,660	\$ 11,799	\$ (4)	\$ 3,824,455

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share as the practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2021. The Pool's investment in a commingled equity fund was valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 3,232,533	\$ -	\$ -	\$ 3,232,533
Money market mutual fund	79,084	-	-	79,084
Preferred stock	43,947	-	-	43,947
Securities lending collateral	45,134	-	-	45,134
Total	<u>\$ 3,400,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,400,698</u>
Commingled equity fund				536,180
Total				<u>\$ 3,936,878</u>

The Pool's commingled equity fund investment was measured at the NAV as of June 30, 2021. The fund invests primarily in Chinese A-Share publicly listed equity securities. The IMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2021.

	Fair Value
Securities on loan	\$ 130,621
Collateral received:	
Cash	\$ 45,134
Non-cash	95,987
Total collateral received	\$ 141,121

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 6. SCHEDULE OF PARTICIPATION

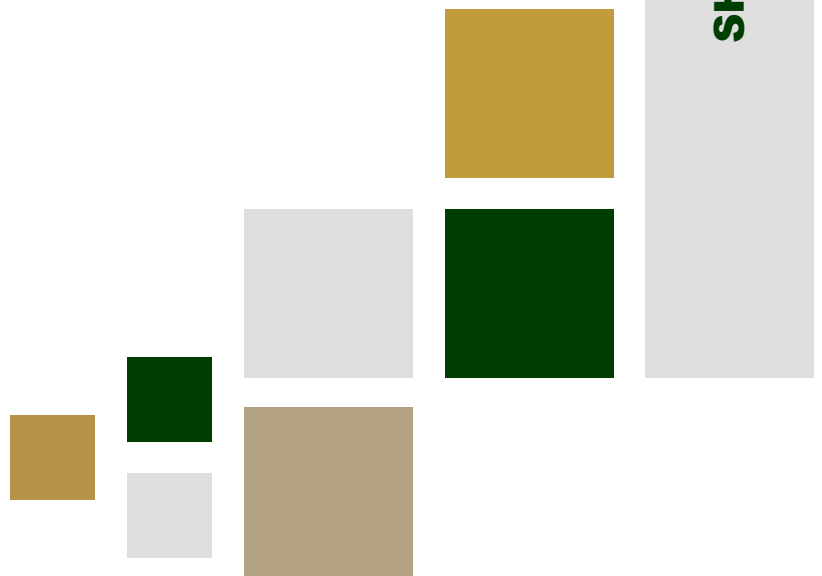
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

Participant	Account Value
Teachers' Retirement System	\$ 1,602,687
Public Employees' Retirement System	1,437,612
West Virginia Retiree Health Benefit Trust Fund	275,089
State Police Death, Disability and Retirement Fund	135,397
Workers' Compensation Old Fund	110,905
Deputy Sheriff's Retirement System	51,592
State Police Retirement System	49,684
Judges' Retirement System	46,199
Revenue Shortfall Reserve Fund - Part B	42,650
West Virginia Department of Environmental Protection Agency	34,298
Coal Workers' Pneumoconiosis Fund	25,552
Public Employees Insurance Agency	23,308
Board of Risk and Insurance Management	20,241
Emergency Medical Services Retirement System	19,566
Wildlife Endowment Fund	12,935
Workers' Compensation Self-Insured Employer Security Risk Pool	5,803
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,126
Natural Resources Police Officer Retirement System	4,115
Municipal Police Officers' and Firefighters' Retirement System	3,889
West Virginia Department of Environmental Protection Trust	2,640
Workers' Compensation Uninsured Employers' Fund	1,767
Municipal Policemen's or Firemen's Pension and Relief Funds	1,644
Berkeley County Development Authority	1,431
Total	\$ 3,913,130

AUDITED FINANCIAL STATEMENTS
June 30, 2021

G

SHORT-TERM FIXED INCOME POOL



Short-Term Fixed Income Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Short-Term Fixed Income Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Short-Term Fixed Income Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Short-Term Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages G-1 through G-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

Short-Term Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other IMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the FTSE 3 Month US T-Bill Index.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 217,229	\$ 642,482
Other assets	1	-
Total assets	217,230	642,482
Total liabilities	(25,008)	(25,941)
Net position	\$ 192,222	\$ 616,541

Short-Term Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the interest rates on short-term fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$424,319 results from net investment income of \$70, a decrease from distributions to unitholders of \$70, and a net decrease from unit transactions of \$424,319.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 291	\$ 2,374
Expenses	(221)	(164)
Net investment income	70	2,210
Distributions to unitholders	(70)	(2,210)
Net units issued (redeemed)	(424,319)	430,511
Increase (decrease) in net position	(424,319)	430,511
Net position, beginning of year	616,541	186,030
Net position, end of year	\$ 192,222	\$ 616,541

The investment income of the Pool is primarily from interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 0.0 percent, down from 1.3 percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 1.00	\$ 1.00
Net investment income	- (a)	0.01
Distributions to unitholders	- (a)	(0.01)
Net position, end of year	\$ 1.00	\$ 1.00

Supplemental Data:		
Ratio of expenses to average net position (b)	0.07%	0.09%
Weighted average maturity (WAM)	28 days	32 days
Maximum WAM per IMB Board guidelines	60 days	60 days
Money market yield (c)	0.00%	0.02%

- (a) Per share amount is less than \$0.01, amount is rounded for reporting purposes.
- (b) Ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.
- (c) The money market yield represents the rate of income, net of expenses, earned over the past month divided by the average shares outstanding and is not intended to indicate future performance. The return is annualized over a 365-day or 366-day year, assuming no reinvestment of earnings.

Short-Term Fixed Income Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:		
U.S. Treasury and government agency bonds	\$	102,887
Commercial paper		26,920
Repurchase agreement		47,669
Money market mutual fund		39,753
Receivable for interest and dividends		<u>1</u>
	Total assets	217,230

Liabilities

Payable for investments purchased		24,996
Accrued expenses		<u>12</u>
	Total liabilities	<u>25,008</u>
	Net position	<u><u>\$ 192,222</u></u>

Unit data

Units outstanding		192,221,659
Net position, unit price	\$	<u><u>1.00</u></u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income	\$	291
Expenses		
Investment advisor fees		(117)
Custodian bank fees		(4)
Management and other allocated fees		<u>(100)</u>
	Total expenses	<u>(221)</u>
	Net investment income	70
Distributions to unitholders		(70)
Unit transactions		
Proceeds from sale of units		1,550,956
Reinvestment of distributions		70
Amount paid for repurchase of units		<u>(1,975,345)</u>
	Net decrease from unit transactions	<u>(424,319)</u>
	Decrease in net position	(424,319)
	Net position, beginning of year	<u>616,541</u>
	Net position, end of year	<u>\$ 192,222</u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees (Board), consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other IMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the FTSE 3 Month US T-Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at amortized cost provided such amounts approximate fair value in accordance with GASB Statements No. 72 and No. 79. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value, regardless of any current disparity between the amortized cost value and market value, and would not ordinarily be expected to fluctuate significantly in value. The Pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the stable net position value per share of \$1. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Repurchase Agreements - In connection with transactions in repurchase agreements, it is the IMB's policy that its designated custodian or mutual third party take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the IMB may be delayed or limited.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income, including the accretion of discounts and amortization of premiums, is accrued daily as earned. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit Valuation and Participant Transactions – The unit price of the Pool is calculated daily by dividing the net position of the Pool by the number of outstanding units. Managements' policy is for the Pool to maintain a stable unit price of \$1 per unit. If the calculated unit price rounds to \$1, then participant transactions are executed at this price.

Distributions to Participants – Daily net investment income is declared as a dividend and distributed to the participants of the Pool on the last day of the month. Distributions are paid in the form of reinvestments in the Pool and have been included in distributions to unitholders and reinvestment of distributions as presented on the Statement of Changes in Net Position. The Pool does not distribute net investment losses.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 10 percent of its assets in United States Treasury issues. Repurchase agreements are collateralized by United States Treasury bonds. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2021.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the IMB. All remaining investments are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments and money market mutual fund investments. The IMB monitors interest rate risk of the Pool by limiting the weighted average maturity (WAM) of the investments of the Pool to 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2021:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM (days)</u>
Commercial paper	\$ 26,920	55
Money market mutual funds	39,753	1
Repurchase agreement	47,669	1
U.S. Treasury bills	102,887	44
Total investments	<u>\$ 217,229</u>	<u>28</u>

Foreign Currency Risk

The Pool has no investments that are subject to foreign currency risk.

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investments in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2021:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commercial paper	\$ -	\$ 26,920	\$ -	\$ 26,920
Money market mutual funds	39,753	-	-	39,753
Repurchase agreement	-	47,669	-	47,669
U.S. Treasury bills	-	102,887	-	102,887
Total	<u>\$ 39,753</u>	<u>\$ 177,476</u>	<u>\$ -</u>	<u>\$ 217,229</u>

Short-Term Fixed Income Pool

Notes to Financial Statements

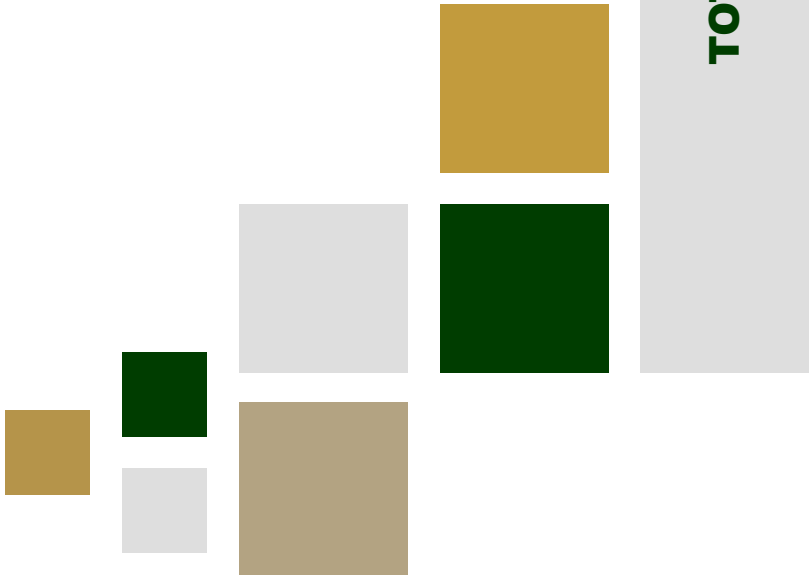
(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 74,745
Workers' Compensation Old Fund	47,573
State Police Death, Disability and Retirement Fund	17,265
Public Employees' Retirement System	15,975
Coal Workers' Pneumoconiosis Fund	9,634
Board of Risk and Insurance Management	9,591
West Virginia State Parks and Recreation Endowment Fund	6,465
Workers' Compensation Self-Insured Employer Security Risk Pool	2,415
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,831
State Police Retirement System	1,738
Workers' Compensation Uninsured Employers' Fund	1,694
Deputy Sheriff's Retirement System	878
Municipal Police Officers' and Firefighters' Retirement System	770
Wildlife Endowment Fund	521
Judges' Retirement System	452
Natural Resources Police Officer Retirement System	315
Emergency Medical Services Retirement System	239
Municipal Policemen's or Firemen's Pension and Relief Funds	121
Total	<u>\$ 192,222</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021



Total Return Fixed Income Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Total Return Fixed Income Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Total Return Fixed Income Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Total Return Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages H-1 through H-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

Total Return Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 3,171,450	\$ 2,117,219
Investment derivatives	51,549	27,741
Other assets	132,999	76,592
Total assets	3,355,998	2,221,552
Investment derivatives and securities sold short	(41,044)	(57,141)
Other liabilities	(250,151)	(54,266)
Total liabilities	(291,195)	(111,407)
Net position	\$ 3,064,803	\$ 2,110,145

Total Return Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$954,658 results from net investment income of \$141,027 and a net increase from unit transactions of \$813,631.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 147,605	\$ 108,811
Expenses	(6,578)	(6,073)
Net investment income	141,027	102,738
Net units issued (redeemed)	813,631	(212,086)
Increase (decrease) in net position	954,658	(109,348)
Net position, beginning of year	2,110,145	2,219,493
Net position, end of year	<u>\$ 3,064,803</u>	<u>\$ 2,110,145</u>

The investment income of the Pool consists primarily of the net increase in fair value of investments and interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 5.9 percent, up from 5.7 percent for the year ended June 30, 2020.

Select financial highlights are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 16.69	\$ 15.79
Net investment income	0.97	0.90
Net position, end of year	<u>\$ 17.66</u>	<u>\$ 16.69</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.25%	0.26%
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- (a) The ratio is for the fiscal year, does not reflect the Pool's proportionate share of expenses of the underlying investee funds, and excludes securities lending expenses.

Total Return Fixed Income Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,791,866
Derivative instruments	51,549
Equity investments	13,227
Money market mutual fund	304,104
Securities lending collateral	62,253
Cash	12,477
Cash with brokers for derivative contracts	6,885
Receivables:	
Interest, dividends, and other investment income	16,677
Investments sold	96,960
	<hr/>
Total assets	3,355,998

Liabilities

Investments in derivative instruments at fair value	38,770
Securities sold short at fair value	2,274
Accrued expenses	1,711
Payable for investments purchased	186,187
Payable upon return of securities loaned	62,253
	<hr/>
Total liabilities	291,195
	<hr/>
Net position	\$ 3,064,803

Unit data

Units outstanding	173,509,906
Net position, unit price	<u><u>\$ 17.66</u></u>

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 69,792
Interest, dividends, and other investment income	77,589
Securities lending income	<u>224</u>

Total investment income 147,605

Expenses

Investment advisor fees	(5,686)
Custodian bank fees	(141)
Management and other allocated fees	(722)
Securities lending expenses	<u>(29)</u>

Total expenses (6,578)

Net investment income 141,027

Unit transactions

Proceeds from sale of units	961,037
Amount paid for repurchase of units	<u>(147,406)</u>

Net increase from unit transactions 813,631

Increase in net position 954,658

Net position, beginning of year 2,110,145

Net position, end of year \$ 3,064,803

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees. Dodge & Cox, Franklin Templeton Investments, and Western Asset Management Company manage the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 5 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies, commingled debt funds, and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded.
- Credit default, interest rate, and total return swaps are valued at the last settlement price established each day by the exchange on which they are traded, are based on market values received from third parties, or are determined by valuation models.
- Foreign currency forward contracts are valued at the prevailing market exchange rates at month-end.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

- Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

Option Contracts - The IMB may purchase or write bond, currency, or index option contracts that have recognized liquidity and are actively traded on major exchanges or are executed with major dealers. These option contracts give the purchaser (seller) of the contract the right to buy (call) or sell (put) the security, or settle cash for an index option, underlying the contract at an agreed upon price (strike price) during, or at the conclusion of, a specified period of time.

Written option contracts are used to enhance investment returns and reduce portfolio convexity when implied volatility is high. Purchased option contracts are used to increase portfolio convexity when implied volatility is low, to implement certain yield curve strategies, or to hedge sector exposure.

When writing put options, there is risk that a loss may be incurred if the market price of the underlying instrument decreases and the option is exercised. This loss is determined by market conditions and cannot be specifically limited. The risk associated with writing call options is the loss of potential profit if the market price of the security increases and the option is exercised. Purchased put or call options bear the risk of loss of the premium paid if market conditions are not favorable to exercise the option. There may also be risk that the value of the option contract does not correlate perfectly with movements of the underlying instrument due to certain market distortions.

The IMB limits its exposure to credit risk by only buying or selling options traded on major exchanges, or executed with major dealers. There is a risk of the inability to enter into a closing transaction if a liquid secondary market does not exist. The IMB maintains sufficient levels of cash or cash equivalents to meet cash flow obligations.

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income. For international securities, the required collateral is at least 105 percent of the market value of the securities on loan unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index.

Interest rate futures may be used to enhance portfolio yields, manage portfolio duration, or as an alternative investment of cash.

The market risk associated with holding interest rate futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions.

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

Foreign Currency Forward Contracts - A foreign currency forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into such contracts to take advantage of the relative changes in currency exchange rates. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform.

Credit Default Swaps - Credit default swaps are agreements between counterparties to transfer the credit risk of referenced debt securities. The buyer of the credit default swap gains protection against a negative credit event such as a default or credit rating downgrade and the seller assumes the credit risk and is obligated to pay upon the occurrence of such an event. Credit default swap agreements are marked-to-market daily. Upfront payments received or made by the Pool on credit default swap agreements are capitalized. Periodic payments received or paid are recorded as interest income. Payments received or made as a result of a credit event or termination of the contract are recognized, net of a proportional amount of the upfront payment, in net increase (decrease) in fair value of investments.

Credit default swaps are instruments which allow for the full or partial transfer of third party credit risk, with respect to a particular entity or entities, from one counterparty to the other. A seller of credit default swaps is selling credit protection or assuming credit risk with respect to the underlying entity or entities. If a credit event occurs, as defined under the terms of the swap agreement, the seller of protection will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. The Notional Principal reflects the maximum potential amount the seller of protection could be required to pay if a credit event occurs. The seller of protection receives periodic premium payments from the counterparty and may also receive or pay an upfront premium adjustment to the stated periodic premium.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Rate Swaps - Interest rate swaps are agreements between counterparties to exchange cash flows based on the difference between a fixed and floating interest rate, applied to a notional principal amount for a specified period. A basis swap is a type of interest rate swap that exchanges one floating rate for another. Upfront payments received or made by the Pool on interest rate swap agreements are capitalized. Interest is paid or received periodically.

Total Return Swaps - Total return swaps are agreements in which one party makes payments based on a fixed or variable rate, while the other party makes payments based on the total return of an underlying referenced instrument, applied to a notional principal amount for a specified period. The underlying referenced instrument can be either a security or market index. A total return swap allows the party receiving the total return to obtain exposure to the underlying referenced instrument without actually owning the underlying position.

Asset-Backed Securities - The Pool invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The Pool invests 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 market value of the underlying assets.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of June 30, 2021.

In certain foreign countries, the Pool's interest income and capital gains may be taxable. Taxes on interest income are generally withheld from the payments and as a result there is no provision recorded for these taxes. In certain cases, there may be a full or partial reclaim available for the withheld taxes. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Interest income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2021:

Rating	Fair Value
AAA	\$ 15,315
AA	1,231,457
A	98,223
BBB	580,929
BB	388,622
B	360,429
CCC	24,868
CC	4,947
D	3,992
Withdrawn	701
	<hr/>
Total rated	2,709,483
Not rated	82,383
	<hr/>
Total fixed income investments	\$ 2,791,866

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, except for posted collateral on cleared derivatives and over-the-counter derivative instruments, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the IMB. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. Investments in commingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2021, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2021, the WAM for the Cash Collateral Account was 1 day.

The IMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30, 2021:

Investment Type	Fair Value	Effective Duration (years)
Commingled debt funds	\$ 415,969	2.7
Corporate asset backed issues	88,145	0.9
Corporate CMO	68,170	1.3
Corporate CMO interest-only	6	0.0*
Foreign asset backed issues	45,895	0.5
Foreign corporate bonds	294,249	5.5
Foreign government bonds	331,607	6.7
Municipal bonds	28,917	8.8
U.S. corporate bonds	406,148	8.4
U.S. Government agency bonds	170	0.3
U.S. Government agency CMO	62,411	1.3
U.S. Government agency CMO interest-only	5,866	3.5
U.S. Government agency MBS	379,822	4.1
U.S. Government agency TBAs	62,580	4.3
U.S. Treasury bonds	601,911	11.9
Total fixed income investments	<u>\$ 2,791,866</u>	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2021, the Pool held \$712,895 of these securities. This represents approximately 26 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk

The Pool has foreign fixed income investments, foreign equity investments, and cash that is denominated in foreign currencies and exposed to foreign currency risk. Foreign denominated derivative investments are disclosed in Note 4. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. Approximately \$82,977, or 20 percent, of the commingled debt funds hold substantially all of their investments in securities denominated in foreign currencies. This represents approximately 3 percent of the value of the Pool's fixed income securities.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2021, are as follows:

Currency	Foreign Fixed Income	Common Stock	Cash	Total
Argentine Peso	\$ 3,547	\$ -	\$ 1,420	\$ 4,967
Australian Dollar	-	-	2,751	2,751
Belarusian Ruble	1,638	-	-	1,638
Brazil Real	22,293	-	698	22,991
British Pound	-	739	3,065	3,804
Canadian Dollar	-	-	1,105	1,105
Colombian Peso	4,703	-	-	4,703
Deutsche Mark	230	-	-	230
Dominican Peso	4,018	-	-	4,018
Egyptian Pound	3,039	-	-	3,039
Euro Currency Unit	8,685	-	6,776	15,461
Georgia Lari	2,275	-	-	2,275
Ghana Cedi	2,327	-	-	2,327
Indonesian Rupiah	21,388	-	-	21,388
Japanese Yen	5,292	-	4,620	9,912
Kazakhstani Tenge	3,311	-	9	3,320
Kenyan Shilling	3,347	-	-	3,347
Mexican Peso	63,982	-	593	64,575
New Zealand Dollar	-	-	823	823
Peruvian Nuevo Sol	146	-	-	146
Russian Ruble	75,397	-	-	75,397
South African Rand	13,536	-	-	13,536
Swedish Krona	-	-	515	515
Turkish Lira	3,106	-	-	3,106
Uruguayan Peso	6,875	-	-	6,875
Uzbekistan Som	995	-	-	995
Total foreign denominated investments	\$ 250,130	\$ 739	\$ 22,375	\$ 273,244
U.S. Dollar	421,621	-	(3,013)	418,608
Total	\$ 671,751	\$ 739	\$ 19,362	\$ 691,852

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool include foreign currency forward contracts, futures, options, credit default swaps, interest rate swaps, total return swaps, and basis swaps. None of these derivative financial instruments are designated as hedging instruments under GASB Statement No. 53; they are used to implement portfolio strategy, capture valuation opportunities, and to exploit market inefficiencies. The primary risks managed by using these derivative financial instruments include interest rate, foreign exchange rate, and market price risks. See Note 2 for additional information on the Pool's purpose for entering into derivatives and for discussion on the risks associated with investing in these derivatives.

The Pool, through its investment managers, is a party to International Swap and Derivative Association, Inc. (ISDA) Master Agreements (MA) that may allow the netting of counterparty's obligations against those of the Pool in the event of a default by the counterparty. The Pool is required to disclose the positions held at year-end that were entered into pursuant to agreements that allow for such netting.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The table below presents the fair value, the net increase (decrease) in fair value, and the notional amount of derivative financial instruments outstanding as of and for the year ended June 30, 2021:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value (in USD)
Forwards:			
Foreign currency forward contracts	\$ (1,653)	\$ (2,821)	\$ 199,401
Futures contracts:			
Fixed income futures long	5,790	(11,934)	915,333
Fixed income futures short	(7,205)	10,790	(1,527,882)
Options contracts:			
Fixed income options purchased	1,318	(32,148)	(29,615)
Fixed income options written	(1,850)	34,202	38,908
Credit default swaptions purchased	67	(1,178)	(6,296)
Credit default swaptions written	(51)	1,986	5,252
Interest rate swaptions purchased	68	1,796	(5,495)
Interest rate swaptions written	(10)	(223)	1,087
Swaps:			
Basis swaps	-	2	-
Credit default swaps protection buyer	(906)	(714)	54,559
Credit default swaps protection seller	470	3,142	19,851
Interest rate swaps	16,747	22,860	807,316
Total return swaps	(6)	1,123	143,100
Total derivatives	<u>\$ 12,779</u>	<u>\$ 26,883</u>	

Credit Risk

For financial reporting purposes, the Pool does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Net Position. The following table presents the Pool's derivative assets net of amounts available for offset under a netting provision and net of related collateral received by the Pool as of June 30, 2021:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forward contracts	\$ 203	\$ (30)	\$ -	\$ (110)	\$ 63
Swaptions	135	(135)	-	-	-
Swaps	3,050	(3,037)	-	(9)	4
	<u>\$ 3,388</u>	<u>\$ (3,202)</u>	<u>\$ -</u>	<u>\$ (119)</u>	<u>\$ 67</u>

Foreign currency forward contracts, certain swaps, and swaptions are exposed to counterparty credit risk. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch and reports the rating indicative of the greatest degree of risk.

The following table provides the credit ratings for the Pool's derivative investments that are subject to counterparty credit risk as of June 30, 2021:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 23
Foreign currency forward contracts	BBB	780
Credit default swaptions purchased	A	67
Interest rate swaptions purchased	BBB	68
Credit default swaps protection seller	A	136

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of June 30, 2021:

Derivative Type	Fair Value	Investment Maturities (in years)			
		Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ 5,790	\$ 5,863	\$ (73)	\$ -	\$ -
Fixed income futures short	(7,205)	(7,205)	-	-	-
Options contracts:					
Fixed income options purchased	1,318	1,318	-	-	-
Fixed income options written	(1,850)	(1,850)	-	-	-
Interest rate swaptions purchased	68	68	-	-	-
Interest rate swaptions written	(10)	(10)	-	-	-
Swaps:					
Interest rate swaps	16,747	34	(549)	2,518	14,744
	<u>\$ 14,858</u>	<u>\$ (1,782)</u>	<u>\$ (622)</u>	<u>\$ 2,518</u>	<u>\$ 14,744</u>

Interest rate swaps are highly sensitive to changes in interest rates. The following tables provide detailed information on derivative financial instruments that are highly sensitive to interest rate changes.

At June 30, 2021, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
6/15/2022	Receive Fixed 0.19%, Pay Floating 3-Month Libor	\$ 171,933	\$ 34
6/4/2024	Receive Fixed 0.82%, Pay Floating 3-Month Libor	126,612	(238)
12/18/2025	Receive Fixed 1.10%, Pay Floating 3-Month Libor	66,899	(311)
5/15/2027	Receive Floating 3-Month Libor, Pay Fixed 0.45%	28,768	1,052
11/15/2045	Receive Floating 3-Month Libor, Pay Fixed 0.80%	64,707	12,988
3/17/2050	Receive Floating 3-Month Libor, Pay Fixed 0.90%	2,067	429
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.20%	13,692	1,696
10/7/2050	Receive Floating 3-Month Libor, Pay Fixed 1.20%	3,807	530
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.23%	6,697	794
2/15/2028	Receive Floating 3-Month Libor, Pay Fixed 1.25%	50,466	(249)
2/15/2028	Receive Floating 3-Month Libor, Pay Fixed 1.35%	97,768	(1,114)
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.60%	3,010	114
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 2.00%	17,643	(855)
6/3/2051	Receive Floating 3-Month Libor, Pay Fixed 2.00%	588	(31)
6/7/2051	Receive Floating 3-Month Libor, Pay Fixed 2.05%	1,760	(115)
5/15/2027	Receive Floating Fed Funds, Pay Fixed 0.26%	37,177	1,376
7/20/2045	Receive Floating SOFR, Pay Fixed 0.56%	15,810	3,054
2/15/2047	Receive Floating SOFR, Pay Fixed 1.73%	7,620	(381)
		<u>\$ 717,024</u>	<u>\$ 18,773</u>

At June 30, 2021, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (in USD)	Fair Value
1/4/2027	Receive Fixed 7.02%, Pay Floating Brazil CDI	\$ 6,901	\$ 10
1/4/2027	Receive Fixed 7.04%, Pay Floating Brazil CDI	1,654	4
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	20,077	728
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	19,288	711
4/19/2047	Receive Floating 6-Month JPY Libor, Pay Fixed 0.79%	42,372	(3,479)
		<u>\$ 90,292</u>	<u>\$ (2,026)</u>

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

The Pool has foreign currency forward contracts, futures contracts, and swap contracts that are denominated in foreign currencies and exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of derivative investments in foreign currencies as of June 30, 2021, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ 15	\$ 39	\$ -	\$ 54
Brazil Real	(11)	-	14	3
British Pound	(501)	(488)	-	(989)
Euro Currency Unit	115	(1,995)	(24)	(1,904)
Japanese Yen	10	-	(3,479)	(3,469)
Mexican Peso	(241)	-	1,439	1,198
Russian Ruble	(1,040)	-	-	(1,040)
Total foreign denominated derivatives	\$ (1,653)	\$ (2,444)	\$ (2,050)	\$ (6,147)
U.S. Dollar	-	1,029	18,355	19,384
Total	\$ (1,653)	\$ (1,415)	\$ 16,305	\$ 13,237

NOTE 5. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2021. The Pool's investments in commingled debt funds were valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS residual	\$ -	\$ 1,637	\$ -	\$ 1,637
Corporate asset backed issues	-	88,145	-	88,145
Corporate CMO	-	68,170	-	68,170
Corporate CMO interest-only	-	6	-	6
Corporate preferred securities	10,851	-	-	10,851
Foreign asset backed issues	-	45,895	-	45,895
Foreign corporate bonds	-	294,249	-	294,249
Foreign currency forward contracts	-	803	-	803
Foreign equity investments	739	-	-	739
Foreign government bonds	-	331,607	-	331,607
Futures contracts	7,001	-	-	7,001
Money market mutual fund	304,104	-	-	304,104
Municipal bonds	-	28,917	-	28,917
Options contracts purchased	1,318	135	-	1,453
Securities lending collateral	62,253	-	-	62,253
Swaps	-	42,292	-	42,292
U.S. corporate bonds	-	406,148	-	406,148
U.S. Government agency bonds	-	170	-	170
U.S. Government agency CMO	-	62,411	-	62,411
U.S. Government agency CMO interest-only	-	5,866	-	5,866
U.S. Government agency MBS	-	379,822	-	379,822
U.S. Government agency TBAs	-	62,580	-	62,580
U.S. Treasury bonds	-	601,911	-	601,911
Total	<u>\$ 386,266</u>	<u>\$ 2,420,764</u>	<u>\$ -</u>	<u>\$ 2,807,030</u>
Commingled debt funds				415,969
Total				<u>\$ 3,222,999</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,456)	\$ -	\$ (2,456)
Futures contracts	(8,416)	-	-	(8,416)
Options contracts written	(1,850)	(61)	-	(1,911)
Securities sold short	-	(2,274)	-	(2,274)
Swaps	-	(25,987)	-	(25,987)
Total	<u>\$ (10,266)</u>	<u>\$ (30,778)</u>	<u>\$ -</u>	<u>\$ (41,044)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2021. These commingled debt funds invest in certain niche sectors, particularly those that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2021:

	Fair Value
Securities on loan	\$ 289,255
Collateral received:	
Cash	\$ 62,253
Non-cash	233,352
Total collateral received	\$ 295,605

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

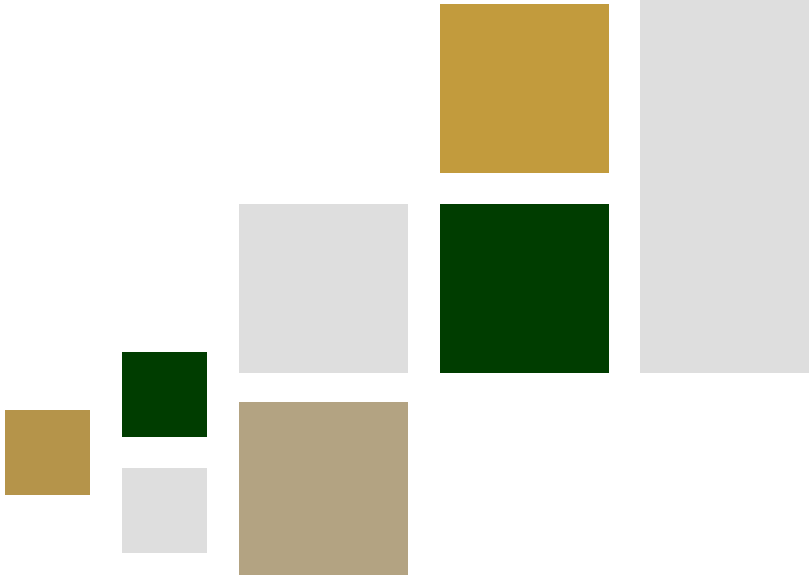
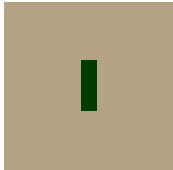
NOTE 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

Participant	Account Value
Teachers' Retirement System	\$ 953,290
Public Employees' Retirement System	860,124
Workers' Compensation Old Fund	302,382
Revenue Shortfall Reserve Fund - Part B	211,778
West Virginia Retiree Health Benefit Trust Fund	160,742
Revenue Shortfall Reserve Fund	102,505
State Police Death, Disability and Retirement Fund	80,271
Public Employees Insurance Agency	75,232
West Virginia Department of Environmental Protection Agency	67,800
Coal Workers' Pneumoconiosis Fund	60,700
Board of Risk and Insurance Management	47,257
Deputy Sheriff's Retirement System	31,074
State Police Retirement System	29,691
Judges' Retirement System	27,516
Workers' Compensation Self-Insured Employer Security Risk Pool	13,733
Emergency Medical Services Retirement System	11,687
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,668
Wildlife Endowment Fund	7,690
Workers' Compensation Uninsured Employers' Fund	3,515
Natural Resources Police Officer Retirement System	2,435
Municipal Police Officers' and Firefighters' Retirement System	2,267
Municipal Policemen's or Firemen's Pension and Relief Funds	1,387
West Virginia Department of Environmental Protection Trust	1,221
Berkeley County Development Authority	838
Total	\$ 3,064,803

AUDITED FINANCIAL STATEMENTS

June 30, 2021



Core Fixed Income Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Core Fixed Income Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Core Fixed Income Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Core Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages I-1 through I-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

Core Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 1,385,345	\$ 934,921
Other assets	29,996	4,093
Total assets	1,415,341	939,014
Total liabilities	(99,514)	(12,765)
Net position	\$ 1,315,827	\$ 926,249

Core Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$389,578 results from net investment income of \$13,336 and a net increase from unit transactions of \$376,242.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 15,271	\$ 85,470
Expenses	(1,935)	(1,552)
Net investment income	13,336	83,918
Net units issued (redeemed)	376,242	(125,877)
Increase (decrease) in net position	389,578	(41,959)
Net position, beginning of year	926,249	968,208
Net position, end of year	\$ 1,315,827	\$ 926,249

The investment income of the Pool consists primarily of the net increase (decrease) in fair value of investments and interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 1.3 percent, down from 8.9 percent for the year ended June 30, 2020.

Select financial highlights are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 12.70	\$ 11.66
Net investment income	0.17	1.04
Net position, end of year	\$ 12.87	\$ 12.70

Supplemental Data:

Ratio of expenses to average net position (a)	0.17%	0.14%
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(a) The ratio is for the fiscal year and excludes securities lending expenses.

Core Fixed Income Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 1,237,860
Equity investments	1,226
Money market mutual fund	112,553
Securities lending collateral	33,706
Receivables:	
Interest, dividends, and other investment income	5,289
Investments sold	24,707
	<hr/>
Total assets	1,415,341

Liabilities

Accrued expenses	500
Payable for investments purchased	65,308
Payable upon return of securities loaned	33,706
	<hr/>
Total liabilities	99,514
	<hr/>
Net position	\$ 1,315,827

Unit data

Units outstanding	102,242,032
Net position, unit price	<hr/> <hr/> \$ 12.87

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income (loss)

Net decrease in fair value of investments	\$ (15,200)
Interest, dividends, and other investment income	30,324
Securities lending income	<u>147</u>

Total investment income 15,271

Expenses

Investment advisor fees	(1,568)
Custodian bank fees	(38)
Management and other allocated fees	(310)
Securities lending expenses	<u>(19)</u>

Total expenses (1,935)

Net investment income 13,336

Unit transactions

Proceeds from sale of units	395,285
Amount paid for repurchase of units	<u>(19,043)</u>

Net increase from unit transactions 376,242

Increase in net position 389,578

Net position, beginning of year 926,249

Net position, end of year \$ 1,315,827

See accompanying notes to financial statements.

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees. JP Morgan Investment Advisors, Inc. manages this Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities and foreign securities denominated in U.S. Dollars, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Asset-Backed Securities - The Pool invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The Pool invests 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 market value of the underlying assets.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2021:

Rating	Fair Value
AAA	\$ 39,264
AA	616,520
A	111,180
BBB	328,988
BB	21,582
B	869
CCC	172
D	57
Withdrawn	13,036
Total rated	1,131,668
Not rated	106,192
Total fixed income investments	\$ 1,237,860

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2021, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2021, the WAM for the Cash Collateral Account was 1 day.

The IMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation considers the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30, 2021:

Investment Type	Fair Value	Effective Duration (years)
Corporate asset backed issues	\$ 122,533	2.5
Corporate CMO	96,489	2.4
Corporate CMO interest-only	197	(1.7)
Corporate CMO principal-only	47	3.0
Foreign asset backed issues	3,508	1.1
Foreign corporate bonds	116,081	6.2
Foreign government bonds	6,606	11.8
Municipal bonds	12,058	13.8
U.S. corporate bonds	295,067	8.4
U.S. Government agency CMO	108,672	3.8
U.S. Government agency CMO interest-only	3,402	6.2
U.S. Government agency CMO principal-only	3,225	5.5
U.S. Government agency MBS	175,912	4.4
U.S. Government agency TBAs	32,366	4.2
U.S. Treasury bonds	261,215	8.7
U.S. Treasury inflation protected securities	482	0.5
Total fixed income investments	<u>\$ 1,237,860</u>	

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2021, the Pool held \$546,351 of these securities. This represents approximately 44 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 122,533	\$ -	\$ 122,533
Corporate CMO	-	96,489	-	96,489
Corporate CMO interest-only	-	197	-	197
Corporate CMO principal-only	-	47	-	47
Corporate preferred securities	-	1,226	-	1,226
Foreign asset backed issues	-	3,508	-	3,508
Foreign corporate bonds	-	116,081	-	116,081
Foreign government bonds	-	6,606	-	6,606
Money market mutual fund	112,553	-	-	112,553
Municipal bonds	-	12,058	-	12,058
Securities lending collateral	33,706	-	-	33,706
U.S. corporate bonds	-	295,067	-	295,067
U.S. Government agency CMO	-	108,672	-	108,672
U.S. Government agency CMO interest-only	-	3,402	-	3,402
U.S. Government agency CMO principal-only	-	3,225	-	3,225
U.S. Government agency MBS	-	175,912	-	175,912
U.S. Government agency TBAs	-	32,366	-	32,366
U.S. Treasury bonds	-	261,215	-	261,215
U.S. Treasury inflation protected securities	-	482	-	482
Total	<u>\$ 146,259</u>	<u>\$ 1,239,086</u>	<u>\$ -</u>	<u>\$ 1,385,345</u>

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2021:

	Fair Value
Securities on loan	\$ 151,189
Collateral received:	
Cash	\$ 33,706
Non-cash	121,027
Total collateral received	\$ 154,733

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 6. SCHEDULE OF PARTICIPATION

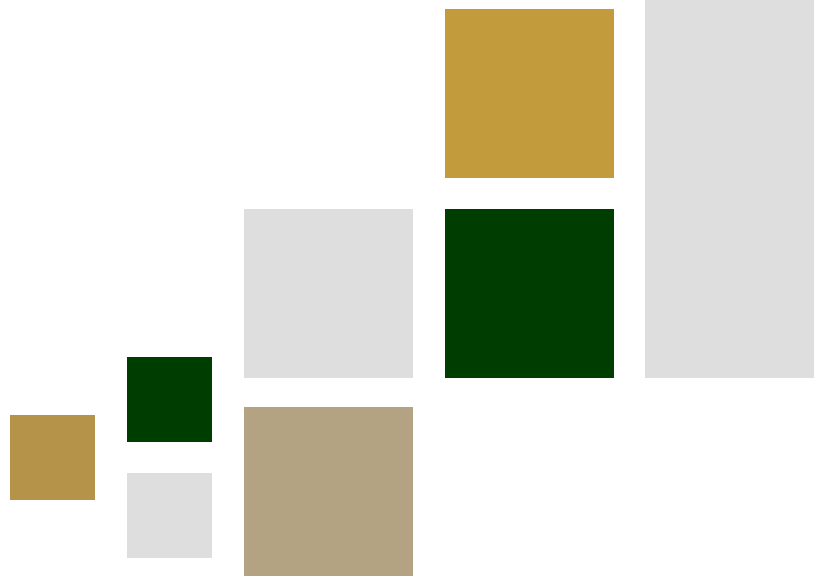
The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

Participant	Account Value
Teachers' Retirement System	\$ 409,963
Public Employees' Retirement System	369,817
Workers' Compensation Old Fund	129,061
Revenue Shortfall Reserve Fund - Part B	90,670
West Virginia Retiree Health Benefit Trust Fund	69,018
Revenue Shortfall Reserve Fund	44,017
State Police Death, Disability and Retirement Fund	34,451
Public Employees Insurance Agency	32,254
West Virginia Department of Environmental Protection Agency	29,074
Coal Workers' Pneumoconiosis Fund	25,989
Board of Risk and Insurance Management	20,252
Deputy Sheriff's Retirement System	13,352
State Police Retirement System	12,753
Judges' Retirement System	11,811
Workers' Compensation Self-Insured Employer Security Risk Pool	5,880
Emergency Medical Services Retirement System	5,018
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,142
Wildlife Endowment Fund	3,297
Workers' Compensation Uninsured Employers' Fund	1,506
Natural Resources Police Officer Retirement System	1,050
Municipal Police Officers' and Firefighters' Retirement System	974
Municipal Policemen's or Firemen's Pension and Relief Funds	595
West Virginia Department of Environmental Protection Trust	524
Berkeley County Development Authority	359
Total	\$ 1,315,827

AUDITED FINANCIAL STATEMENTS
June 30, 2021

J

TIPS POOL



TIPS Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board TIPS Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board TIPS Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the TIPS Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages J-1 through J-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

TIPS Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool was established to offer an additional level of diversification over and above nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 478,962	\$ 290,667
Total liabilities	(34)	(33)
Net position	<u>\$ 478,928</u>	<u>\$ 290,634</u>

TIPS Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the movement of interest rates of the U.S. Treasury securities held in the index referenced above. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$188,294 results from net investment income of \$23,275 and a net increase from unit transactions of \$165,019.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 23,442	\$ 32,374
Expenses	(167)	(199)
Net investment income	23,275	32,175
Net units issued (redeemed)	165,019	(144,851)
Increase (decrease) in net position	188,294	(112,676)
Net position, beginning of year	290,634	403,310
Net position, end of year	\$ 478,928	\$ 290,634

The investment income of the Pool consists primarily of the net increase in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 6.6 percent, down from 8.4 percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 12.98	\$ 11.97
Net investment income	0.85	1.01
Net position, end of year	\$ 13.83	\$ 12.98

Supplemental Data:

Ratio of expenses to average net position (a)	0.05%	0.05%
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- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

TIPS Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled bond fund at fair value \$ 478,962

Liabilities

Accrued expenses 34

Net position \$ 478,928

Unit data

Units outstanding 34,636,058

Net position, unit price \$ 13.83

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income

Net increase in fair value of investments \$ 23,442

Expenses

Investment advisor fees (64)

Custodian bank fees (1)

Management and other allocated fees (102)

Total expenses (167)

Net investment income 23,275

Unit transactions

Proceeds from sale of units 171,944

Amount paid for repurchase of units (6,925)

Net increase from unit transactions 165,019

Increase in net position 188,294

Net position, beginning of year 290,634

Net position, end of year \$ 478,928

See accompanying notes to financial statements.

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool was established to offer an additional level of diversification over and above nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. The Pool invests in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value as determined in accordance with the IMB's established procedures.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a commingled bond fund that holds primarily U.S. Treasury inflation protected securities. This investment is exposed to credit and interest rate risk. The commingled bond fund is not rated by a nationally recognized statistical rating organization. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. As of June 30, 2021, the commingled bond fund had an effective duration of 7.51 years. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Commingled bond fund	\$ 478,962	\$ -	\$ -	\$ 478,962

TIPS Pool

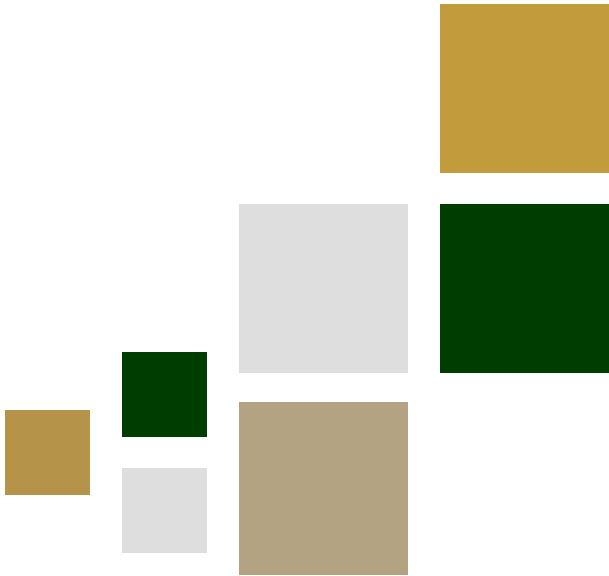
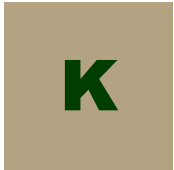
Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 147,016
Revenue Shortfall Reserve Fund - Part B	125,630
Workers' Compensation Old Fund	109,547
Public Employees Insurance Agency	40,744
Coal Workers' Pneumoconiosis Fund	25,097
Board of Risk and Insurance Management	19,529
Workers' Compensation Self-Insured Employer Security Risk Pool	5,672
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,000
Workers' Compensation Uninsured Employers' Fund	1,693
Total	<u>\$ 478,928</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021



Private Markets Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Private Markets Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Private Markets Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Private Markets Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages K-1 through K-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

September 17, 2021

Private Markets Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Private Markets Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 5,915,403	\$ 4,801,594
Other assets	13,942	13,687
Total assets	5,929,345	4,815,281
Total liabilities	(8,601)	(7,736)
Net position	\$ 5,920,744	\$ 4,807,545

Private Markets Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the global investment markets. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$1,113,199 results from net investment income of \$1,443,329 and a net decrease from unit transactions of \$330,130.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 1,455,775	\$ 343,989
Expenses	(12,446)	(10,310)
Net investment income	1,443,329	333,679
Net units issued (redeemed)	(330,130)	1,761
Increase in net position	1,113,199	335,440
Net position, beginning of year	4,807,545	4,472,105
Net position, end of year	\$ 5,920,744	\$ 4,807,545

The investment income of the Pool consists primarily of the net increase in fair value of investments and income distributions from limited partnerships.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 31.5 percent, up from 7.5 percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 20.72	\$ 19.28
Net investment income	6.53	1.44
Net position, end of year	\$ 27.25	\$ 20.72

Supplemental Data:

Ratio of expenses to average net position (a)	0.25%	0.23%
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- (a) The ratio is for the fiscal year, does not reflect the Pool's proportionate share of expenses of the underlying investee funds, and excludes securities lending expenses.

Private Markets Pool

Statement of Net Position

June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 5,557,205
Equity investments	172,762
Fixed income investments	13,267
Money market mutual fund	165,668
Securities lending collateral	6,501
Cash	13
Receivables:	
Investments sold	379
Income distributions from real estate limited partnerships and funds	12,838
Interest, dividends, and other investment income	712
	<hr/>
Total assets	5,929,345

Liabilities

Accrued expenses	2,055
Payable for investments purchased	45
Payable upon return of securities loaned	6,501
	<hr/>
Total liabilities	8,601

Net position \$ 5,920,744

Unit data

Units outstanding	217,259,012
Net position, unit price	<u><u>\$ 27.25</u></u>

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position Year Ended June 30, 2021 (Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 1,321,410
Income from partnerships and funds	127,242
Interest, dividends, and other investment income	5,839
Fund closing interest	1,223
Securities lending income	<u>61</u>

Total investment income 1,455,775

Expenses

Investment advisor fees	(1,175)
Custodian bank fees	(39)
Management and other allocated fees	(1,361)
Professional service fees - direct	(1,382)
Management fees - external	(7,122)
Fund closing costs	(1,359)
Securities lending expenses	<u>(8)</u>

Total expenses (12,446)

Net investment income 1,443,329

Unit transactions

Proceeds from sale of units	85,652
Amount paid for repurchase of units	<u>(415,782)</u>

Net decrease from unit transactions (330,130)

Increase in net position 1,113,199

Net position, beginning of year 4,807,545

Net position, end of year \$ 5,920,744

See accompanying notes to financial statements.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Private Markets Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The Pool primarily holds the IMB's investments in private credit & income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. Franklin Park, StepStone Group LP, and Verus have been retained by the IMB to provide consulting services related to the selection of limited partnerships and funds. Publicly traded assets are managed by CBRE Clarion Securities LLC and Security Capital Research & Management Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2021.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. Dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

- Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income, if applicable. For international securities, the required percentage is 105 percent unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned. Loans of equity securities may also be collateralized by equity securities and the required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income from Partnerships - Income from private equity partnerships, real estate partnerships, private credit & income funds, and other private funds are recognized when distributed to the partners.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Direct investment-related costs include fees charged by external managers that are outside of their respective partnership or fund, the custodian bank, legal counsel, and the consultant. Other expenses are allocated to the individual pools based on asset size.

The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal and state income taxes is required as of June 30, 2021.

In certain foreign countries the Pool's dividend income and capital gains may be taxable. Such taxes are generally withheld from the payments of these types of income and as a result there is no provision recorded for these taxes. In certain cases there may be a full or partial reclaim available for the withheld taxes. The outstanding reclaims are reported on the Statement of Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated private credit & income funds, and the Cash Collateral Account. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. Credit risk associated with the unrated private credit & income funds are limited by requiring that underlying fund holdings are at least 90 percent collateralized by one or more assets of the borrower.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2021:

Rating	Fair Value
A	\$ 334
BBB	12,582
BB	351
Total fixed income investments	<u>\$ 13,267</u>

Concentration of Credit Risk

The Pool's investments in alternative investment funds might be indirectly exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2021, the Pool held no securities that were directly subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. The alternative investments are not considered securities for the purposes of custodian credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, private credit & income funds, the money market mutual fund, and the Cash Collateral Account. The IMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2021, the effective duration for U.S. corporate bonds was 5.5 years. The IMB manages interest rate risk of the private credit & income funds by investing primarily in funds that originate or invest in loans that have a variable or floating interest rates, most of these investments have relatively short durations, and final maturities within three- to five-years. As of June 30, 2021, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2021, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies that are exposed to foreign currency risks. The investments in private credit & income funds and private equity partnerships might be indirectly exposed to foreign currency risk.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2021, are as follows:

Currency	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 5,212	\$ -	\$ -	\$ 5,212
British Pound	4,961	-	-	4,961
Canadian Dollar	1,949	41,385	-	43,334
Euro Currency Unit	10,311	138,485	-	148,796
Hong Kong Dollar	6,273	-	-	6,273
Japanese Yen	10,605	-	13	10,618
Singapore Dollar	3,103	-	-	3,103
Swedish Krona	2,285	-	-	2,285
Total foreign denominated investments	\$ 44,699	\$ 179,870	\$ 13	\$ 224,582
U.S. Dollar	3,417	1,776,105	-	1,779,522
Total	\$ 48,116	\$ 1,955,975	\$ 13	\$ 2,004,104

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities with redemption terms that are not short term.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2021. All of the Pool's investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 48,116	\$ -	\$ -	\$ 48,116
Money market mutual fund	165,668	-	-	165,668
Securities lending collateral	6,501	-	-	6,501
U.S. common stock	110,101	-	-	110,101
U.S. corporate bonds	-	13,267	-	13,267
U.S. preferred stock	14,545	-	-	14,545
Total	<u>\$ 344,931</u>	<u>\$ 13,267</u>	<u>\$ -</u>	<u>\$ 358,198</u>
Private credit & income funds				690,713
Private equity partnerships				2,910,517
Real estate limited partnerships and funds				1,955,975
Total				<u>\$ 5,915,403</u>

The following table presents information on investments measured at the NAV as of June 30, 2021:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Commercial Debt Funds (b)	\$ 303,471	\$ 186,027	2026	N/A	N/A
Real Estate Debt Funds (c)	387,242	114,319	2022 to 2031	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,733,330	677,787	2021 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (e)	59,018	16,249	2021 to 2022	N/A	N/A
Corporate Finance - Growth Equity (f)	136,154	88,435	2021 to 2030	N/A	N/A
Corporate Finance - Hard Assets (g)	124,205	35,980	2021 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	1,679	480	2021	N/A	N/A
Corporate Finance - Structured Capital (i)	73,407	38,358	2023 to 2028	N/A	N/A
Corporate Finance - Turnaround (j)	107,199	84,759	2021 to 2032	N/A	N/A
Venture Capital (k)	675,525	82,362	2023 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core Funds (l)	1,060,410	38,218	2022	Quarterly	30-60 days
Opportunistic Funds (m)	313,101	158,719	2021 to 2029	N/A	N/A
Value Funds (n)	582,464	493,586	2021 to 2031	N/A	N/A
Total	<u>\$ 5,557,205</u>	<u>\$ 2,015,279</u>			

Private Markets Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Commercial Debt Funds seek to generate income while preserving capital through investments primarily in senior-secured loans to business enterprises.
- (c) Real Estate Debt Funds seek to generate income while preserving capital through investments in real estate mortgage and debt investments.
- (d) Corporate Finance - Buyout funds acquire controlling or influential interests in companies.
- (e) Corporate Finance - Distressed Debt funds acquire the debt of companies experiencing operational or financial distress usually converting the debt to equity and exercising control of the business.
- (f) Corporate Finance - Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (g) Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (h) Corporate Finance - Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (i) Corporate Finance – Structured Capital funds combine common equity, preferred equity, fixed-income, and/or customized debt instruments to offer capital appreciation with downside protection.
- (j) Corporate Finance - Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
- (k) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (l) Core Funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. These assets tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with a number of long-term leases expiring in five-to-ten years.
- (m) Opportunistic Funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example, converting an office building to condominiums). It may also include new development, distressed debt strategies, and more complex transactions, as well as a more traditional value-add strategy that is financed with a higher amount of leverage.
- (n) Value Funds typically use more leverage than core funds and target higher return opportunities by acquiring properties that the manager believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2021:

	Fair Value
Securities on loan	\$ 22,974
Collateral received:	
Cash	\$ 6,501
Non-cash	17,164
Total collateral received	<u>\$ 23,665</u>

Private Markets Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SECURITIES LENDING (continued)

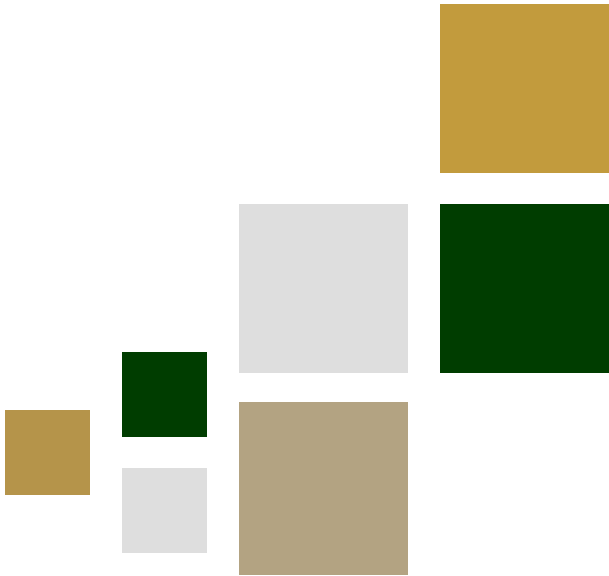
NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,619,894
Public Employees' Retirement System	2,341,876
West Virginia Retiree Health Benefit Trust Fund	427,762
State Police Death, Disability and Retirement Fund	224,877
Deputy Sheriff's Retirement System	83,255
State Police Retirement System	79,519
Judges' Retirement System	74,355
Emergency Medical Services Retirement System	31,488
Wildlife Endowment Fund	20,733
Natural Resources Police Officer Retirement System	6,591
Municipal Police Officers' and Firefighters' Retirement System	6,164
Berkeley County Development Authority	2,236
Municipal Policemen's or Firemen's Pension and Relief Funds	1,994
Total	<u>\$ 5,920,744</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2021



Hedge Fund Pool

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Hedge Fund Pool (the Pool) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Hedge Fund Pool at June 30, 2021, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Hedge Fund Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2021, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages L-1 through L-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

Hedge Fund Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 Basis points. The secondary benchmark is the FTSE 3 Month US T-Bill Index plus 500 basis points.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2021 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2021	June 30, 2020
Investments	\$ 2,317,162	\$ 1,893,324
Other assets	86,060	140,951
Total assets	2,403,222	2,034,275
Total liabilities	(169)	(187)
Net position	\$ 2,403,053	\$ 2,034,088

Hedge Fund Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the global investment markets. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$368,965 results from net investment income of \$371,925 and a net decrease from unit transactions of \$2,960.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2021	June 30, 2020
Investment income	\$ 372,948	\$ 4,105
Expenses	(1,023)	(1,101)
Net investment income	371,925	3,004
Net units redeemed	(2,960)	(340,949)
Increase (decrease) in net position	368,965	(337,945)
Net position, beginning of year	2,034,088	2,372,033
Net position, end of year	\$ 2,403,053	\$ 2,034,088

The investment income of the Pool is primarily from the net increase in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2021 was 18.5 percent, up from 0.0 percent for the year ended June 30, 2020.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2021	June 30, 2020
Net position, beginning of year	\$ 15.30	\$ 15.30
Net investment income	2.83	- (a)
Net position, end of year	\$ 18.13	\$ 15.30

Supplemental Data:		
Ratio of expenses to average net position (b)	0.05%	0.05%

(a) Amount is rounded for reporting purposes. Per share amount is less than \$0.01.

(b) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.

Hedge Fund Pool

Statement of Net Position June 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Hedge funds	\$ 2,231,493
Money market mutual fund	85,669
Advance on investments in hedge funds	75,000
Receivables:	
Investment funds redeemed	10,921
Interest and dividends	139
	<hr/>
Total assets	2,403,222

Liabilities

Accrued expenses	<hr/>
	169
	<hr/>
Net position	\$ 2,403,053

Unit data

Units outstanding	132,580,966
Net position, unit price	<hr/>
	\$ 18.13

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position
Year Ended June 30, 2021
(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 372,945
Interest and dividend income	<u>3</u>
Total investment income	372,948

Expenses

Professional service fees - direct	(418)
Custodian bank fees	(1)
Management and other allocated fees	<u>(604)</u>
Total expenses	<u>(1,023)</u>
Net investment income	371,925

Unit transactions

Proceeds from sale of units	99,988
Amount paid for repurchase of units	<u>(102,948)</u>
Net decrease from unit transactions	<u>(2,960)</u>
Increase in net position	368,965
Net position, beginning of year	<u>2,034,088</u>
Net position, end of year	<u><u>\$ 2,403,053</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool was established to hold the IMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 Basis points. The secondary benchmark is the FTSE 3 Month US T-Bill Index plus 500 basis points. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Investments in hedge funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2021.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds shares in hedge funds and shares of a money market mutual fund. As of June 30, 2021, the money market mutual fund has the highest credit rating and has a weighted average maturity of 41 days. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk, interest rate risk, and/or custodial credit risk. The Pool is restricted from investing more than 10 percent of the value of the Pool with any single manager. At June 30, 2021, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities with redemption terms that are not short term.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2021. All of the Pool's investments in hedge funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 85,669	\$ -	\$ -	\$ 85,669
Hedge funds				2,231,493
Total				<u>\$ 2,317,162</u>

The following table presents information on investments measured at the NAV as of June 30, 2021:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 232,059	Monthly, Quarterly	5 to 30 days
Equity long/short (b)	410,931	Monthly, Quarterly	60 to 90 days
Event-driven (c)	97,398	Quarterly	180 days
Long-biased (d)	77,353	Monthly	90 days
Multi-strategy (e)	1,153,207	Monthly, Quarterly, Semiannually, Annually	45 to 95 days
Relative-value (f)	229,993	Weekly, Quarterly	5 to 60 days
	<u>2,200,941</u>		
In liquidation (g)	30,552		
Total investments measured at the NAV	<u>\$ 2,231,493</u>		

- (a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 66 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

- (e) Multi-strategy funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 78 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 60 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

NOTE 5. ADVANCE ON INVESTMENTS IN HEDGE FUNDS

The subscription terms of hedge funds often require contributions to be received in advance of the subscription day. Prior to June 30, 2021, the IMB funded \$75,000 to hedge funds that had a subscription date of July 1, 2021. As of June 30, 2021, these amounts have been recorded as an advance on investments in hedge funds.

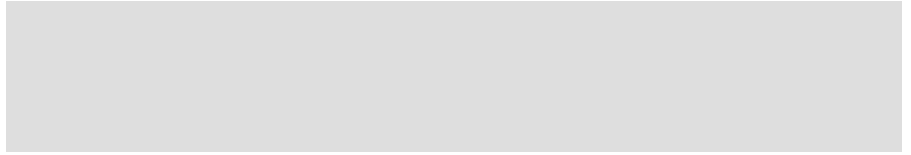
NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 899,252
Public Employees' Retirement System	804,530
Workers' Compensation Old Fund	160,637
West Virginia Retiree Health Benefit Trust Fund	146,684
State Police Death, Disability and Retirement Fund	76,959
Public Employees Insurance Agency	52,379
Coal Workers' Pneumoconiosis Fund	48,755
West Virginia Department of Environmental Protection Agency	47,017
Board of Risk and Insurance Management	37,565
Deputy Sheriff's Retirement System	28,651
State Police Retirement System	27,172
Judges' Retirement System	25,588
Workers' Compensation Self-Insured Employer Security Risk Pool	11,005
Emergency Medical Services Retirement System	10,805
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	7,716
Wildlife Endowment Fund	7,104
Workers' Compensation Uninsured Employers' Fund	3,243
West Virginia Department of Environmental Protection Trust	2,244
Natural Resources Police Officer Retirement System	2,244
Municipal Police Officers' and Firefighters' Retirement System	2,052
Berkeley County Development Authority	767
Municipal Policemen's or Firemen's Pension and Relief Funds	684
Total	<u>\$ 2,403,053</u>

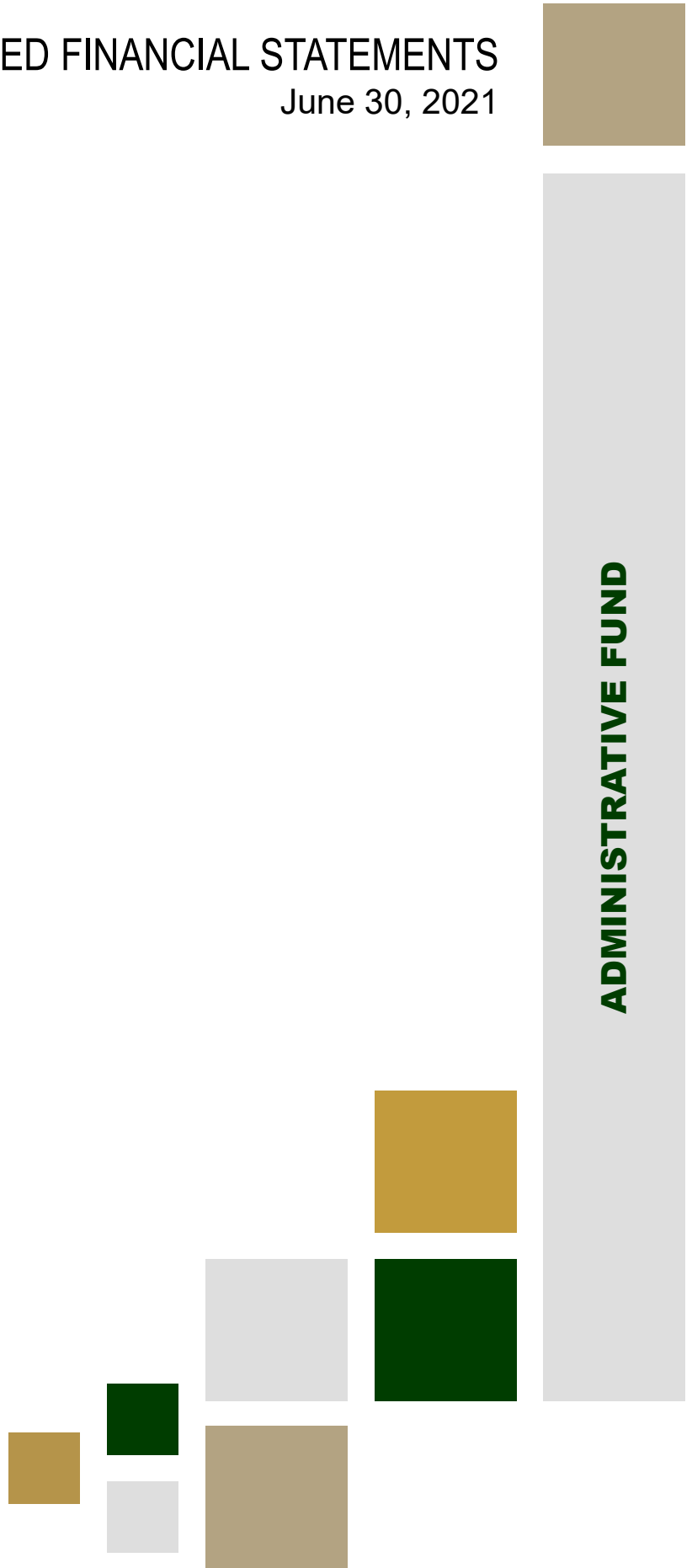


AUDITED FINANCIAL STATEMENTS



ADMINISTRATIVE FUND
Year Ended June 30, 2021

AUDITED FINANCIAL STATEMENTS
June 30, 2021



Administrative Fund

Audited Financial Statements June 30, 2021

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Report of Independent Auditors

The Board of Trustees
The West Virginia Investment Management Board

We have audited the accompanying financial statements of the West Virginia Investment Management Board Administrative Fund (the Fund) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the West Virginia Investment Management Board Administrative Fund as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As described in Note 1, the financial statements present only the Fund of the West Virginia Investment Management Board and do not include the financial position and results of operations of the West Virginia Investment Management Board for any of their investment pools. These financial statements do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board for any of their investment pools at June 30, 2021, and changes in its financial position, and cash flows thereof, for the year ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages i-iii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 accordance with auditing standards generally accepted in the United States, 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.

Ernst + Young LLP

August 27, 2021

Administrative Fund

Management's Discussion and Analysis

This discussion and analysis of the West Virginia Investment Management Board's (IMB) financial performance provides an overview of the IMB's administrative financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the IMB Administrative Fund basic financial statements, which follow this discussion. The IMB operates investment pools and issues separate audited financial statements on the investment pools.

FINANCIAL HIGHLIGHTS

- The IMB is required by law to charge a fee sufficient to cover the cost of providing investment management services. Investment service fee revenues were \$44.2 million, as compared to \$42.6 million for the previous fiscal year. The change primarily results from a \$1.8 million increase in advisor fees, which was offset by decreases of \$107,000 in custodian bank fees and \$122,000 in professional service and legal fees. Average assets of the investment pools managed by the IMB increased by \$2.5 billion from the previous year.
- Fees paid to outside investment advisors increased by \$1.8 million over the previous year. The average expense ratio for investment advisor fees across all pools was 15.5 basis points for the year, as compared to 16.6 basis points for the previous year. The reasons for the increase in advisor fees are as follows:
 - An increase in base fees of \$2.2 million in the International Qualified, International Equity, Short-Term Fixed Income, Total Return Fixed Income, Core Fixed Income, and Private Markets Pools due to an increase in assets under management.
 - An increase in performance fees of \$455,000 in the Core Fixed Income Pool and the Private Markets Pool.
 - A decrease in base fees of \$189,000 due to the implementation of the portable alpha strategy, which required splitting the Domestic Equity Pool into the Portable Alpha Pool, the Large Cap Domestic Equity Pool, and the Non-Large Cap Domestic Equity Pool. Additionally, performance fees decreased \$650,000.
- Custodian bank fees decreased by \$107,000 from the previous year, primarily due to a better fee arrangement negotiated with a new custodian bank, Northern Trust. This fee arrangement was in place for part of fiscal year 2020 and for the entirety of fiscal year 2021.
- Fees for professional services, including legal fees, decreased by \$122,000, primarily attributable to a decrease in legal fees and an offsetting increase in professional services for a portable alpha strategy consultant.
- Administrative expenses increased by \$3,000 from the previous year. The expense ratio for administrative expenses was 2.3 basis points of average net assets, as compared to 2.6 basis points for the prior year. Salaries decreased by \$46,000 from \$2.937 million to \$2.891 million. In total, administrative expenses were \$1.6 million lower than the expenses included in the fiscal year budget approved by the Board of Trustees.
- Dividend income decreased by \$65,000 from the prior year.

THE FINANCIAL REPORTS

This financial report consists of three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements include all assets and liabilities of the IMB Administrative Fund using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting takes into account all revenues and expenses regardless of when cash is received or paid. These statements give an overall perspective of the IMB Administrative Fund's financial position and the changes in the financial position during the current fiscal year.

The Statement of Net Position presents the IMB Administrative Fund's assets and liabilities, with the difference between the two reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position describes how the IMB Administrative Fund's net position changed during the fiscal year. The Statement of Cash Flows identifies the sources of cash received by the IMB Administrative Fund and how that cash was used in the IMB Administrative Fund's activities during the year. The ending cash presented in this statement is a significant portion of the IMB Administrative Fund's assets as reported in the Statement of Net Position. This statement also contains a reconciliation of the operating loss as reported in the Statement of Revenues, Expenses, and Changes in Net Position to the cash provided by the IMB Administrative Fund's operating activities during the year.

Administrative Fund

Management's Discussion and Analysis

FINANCIAL ANALYSIS

The IMB Administrative Fund's total assets as of June 30, 2021, were \$13.5 million, and were mostly comprised of cash and cash equivalents and receivables for investment service fees. This combined total was \$709,000 more than the previous year.

Total liabilities as of June 30, 2021, were \$8.8 million, consisting of invoices payable and accrued liabilities for investment management and consulting fees, custodial fees, and administrative expenses. This was \$676,000 more than the previous year.

These minor changes can be attributed to fluctuations in the timing of receipts and disbursements made in the normal course of business.

Table 1 Net Position and Assets Under Management (In thousands)	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 4,451	\$ 4,893
Receivables	8,856	7,680
Other assets	219	243
Total assets	<u>13,526</u>	<u>12,816</u>
Total liabilities	<u>(8,810)</u>	<u>(8,134)</u>
Net position	<u>\$ 4,716</u>	<u>\$ 4,682</u>
Composition of net position:		
Net investment in capital assets	\$ 112	\$ 161
Unrestricted	4,604	4,521
Assets under management*	\$ 25,052,031	\$ 19,965,419

Table 2 Changes in Net Position (In thousands)	Year Ended June 30, 2021	Year Ended June 30, 2020	Percent Change
Revenues	\$ 44,197	\$ 42,637	3.7%
Expenses:			
Advisor fees	(34,741)	(32,983)	5.3%
Custodian fees	(1,295)	(1,403)	(7.6%)
Trustee fees	(48)	(44)	8.6%
Fiduciary bond expense	(26)	(26)	0.0%
Professional service fees	(2,930)	(3,052)	(4.0%)
Administrative expenses	<u>(5,124)</u>	<u>(5,121)</u>	0.1%
Total expenses	(44,164)	(42,629)	3.6%
Operating income	33	8	n/a
Nonoperating revenues	<u>1</u>	<u>65</u>	n/a
Increase in net position	34	73	n/a
Net position – beginning of year	4,682	4,609	1.6%
Net position – end of year	<u>\$ 4,716</u>	<u>\$ 4,682</u>	0.7%

* Amounts reflect preliminary estimated balances for private market investments.

Administrative Fund

Management's Discussion and Analysis

CAPITAL ASSETS

The IMB Administrative Fund made acquisitions of capital assets totaling \$21,004 during the current fiscal year. There were no disposals.

CONTACTING THE IMB

This financial report is designed to provide its readers with a general overview of the IMB Administrative Fund's finances. If you have any questions about this report or need additional information including the audited financial statements of the IMB Investment Pools, contact the IMB at 500 Virginia Street, East, Suite 200, Charleston, WV 25301-2164, or visit us at www.wvimb.org.

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Administrative Fund

Statement of Net Position June 30, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 4,450,881
Accounts receivable	8,855,929
Prepaid expenses	106,653
Dividend receivable	<u>25</u>

Total current assets 13,413,488

Capital assets:

Equipment	425,072
Office furniture	218,749
Other depreciable property	355,215
Leasehold improvements	279,201
Less accumulated depreciation	<u>(1,165,938)</u>

Total capital assets (net of accumulated depreciation) 112,299

Total assets 13,525,787

Liabilities

Current liabilities:

Accounts payable and accrued expenses	<u>8,809,817</u>
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Total current liabilities 8,809,817

Total liabilities 8,809,817

Net position

Net investment in capital assets	112,299
Unrestricted	<u>4,603,671</u>

Total net position \$ 4,715,970

See accompanying notes to financial statements.

Administrative Fund

Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2021

Operating revenues

Investment service fees	\$ 44,163,358
Miscellaneous income	<u>34,094</u>

Total operating revenues 44,197,452

Operating expenses

Advisor fees	34,741,326
Custodian fees	1,295,528
Trustee fees	47,500
Fiduciary bond expenses	25,875
Professional service fees	2,929,959
Administrative expenses	<u>5,124,332</u>

Total operating expenses 44,164,520

Operating income 32,932

Nonoperating revenues

Dividend income	<u>564</u>
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Total nonoperating revenues 564

Increase in net position 33,496

Net position, beginning of year	<u>4,682,474</u>
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Net position, end of year \$ 4,715,970

See accompanying notes to financial statements.

Administrative Fund

Statement of Cash Flows Year Ended June 30, 2021

Cash flows from operating activities

Cash received from customers and other third parties	\$ 43,021,482
Cash paid to suppliers	(39,352,567)
Cash paid to employees	<u>(4,090,755)</u>

Net cash used for operating activities (421,840)

Cash flows from capital and related financing activities

Construction and acquisition of capital assets	<u>(21,004)</u>
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Net cash used for capital and related financing activities (21,004)

Cash flows from investing activities

Dividends on investments	<u>604</u>
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Net cash provided by investing activities 604

Net decrease in cash and cash equivalents (442,240)

Cash and cash equivalents, beginning of year 4,893,121

Cash and cash equivalents, end of year \$ 4,450,881

Reconciliation of operating income to net cash used on operating activities:

Operating income	\$ 32,932
Adjustments to reconcile operating income to net cash used for operating activities:	
Depreciation	70,081
Change in assets and liabilities:	
Increase in accounts receivable	(1,175,970)
Increase in prepaid expenses	(24,512)
Increase in accounts payable and accrued expenses	<u>675,629</u>

Total adjustments (454,772)

Net cash used for operating activities \$ (421,840)

See accompanying notes to financial statements.

Administrative Fund

Notes to Financial Statements

NOTE 1. NATURE OF ORGANIZATION

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public corporation created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Pneumoconiosis funds, and certain other state government funds. The IMB has established distinct investment pools to efficiently invest the entrusted funds. Separate financial statements are issued for these investment pools. The IMB Administrative Fund's financial statements are included as an internal service fund of the State of West Virginia in the State's financial statements and are presented as a blended component unit.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other trustees for a term of six years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the IMB Administrative Fund conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the IMB Administrative Fund is not exposed to any significant credit or market risk on cash and cash equivalents. Cash equivalents are maintained with a financial institution in an institutional Treasury Money Market Fund which has an average maturity of less than 90 days.

Fair Value Measurements - The IMB Administrative Fund categorizes financial instrument fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The IMB Administrative Fund's cash equivalents are invested in an institutional Treasury Money Market fund valued at \$4,450,681 as of June 30, 2021, using quoted market prices (Level 1 inputs).

Capital Assets - Purchased assets, when they meet the thresholds defined in the capitalization policy, are recorded at cost. Threshold requirements are \$2,500 for office equipment, furniture, fixtures, computer hardware, and software, and \$10,000 for buildings, building improvements, land improvements, infrastructure, and leasehold improvements. Land is capitalized irrespective of cost.

Depreciation on purchased assets is provided for over the estimated useful lives of the assets, ranging from three years to ten years using the straight-line method. Leasehold improvements are amortized over the life of the lease.

Revenues and Expenses - The IMB's Board of Trustees adopts an annual budget and fee schedule for services to be provided to the investment pools. Revenues of the IMB Administrative Fund are derived from the allocation of fees to the investment pools per the fee schedule. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Revenues and expenses are recorded when earned or incurred in accordance with the economic resources measurement focus and the accrual basis of accounting. The carrying value of investment service fees receivable approximates its fair value.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and is exempt from federal and state taxation. Accordingly, the IMB Administrative Fund financial statements have been prepared recognizing that the IMB is not subject to federal or state income taxes.

Administrative Fund

Notes to Financial Statements

NOTE 3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Office equipment	\$ 404,068	\$ 21,004	\$ -	\$ 425,072
Office furniture	218,749	-	-	218,749
Other depreciable property	355,215	-	-	355,215
Leasehold improvements	279,201	-	-	279,201
Total capital assets, being depreciated	1,257,233	21,004	-	1,278,237
Less accumulated depreciation for:				
Office equipment	(401,375)	(3,043)	-	(404,418)
Office furniture	(182,683)	(11,074)	-	(193,757)
Other depreciable property	(242,019)	(46,543)	-	(288,562)
Leasehold improvements	(269,780)	(9,421)	-	(279,201)
Total accumulated depreciation	(1,095,857)	(70,081)	-	(1,165,938)
Capital assets, net	\$ 161,376	\$ (49,077)	\$ -	\$ 112,299

Depreciation expense of \$70,081 was charged to the investment management activity and is included in the administrative expenses.

NOTE 4. OPERATING LEASES

On September 19, 2019, the IMB executed an amendment to renew its long-term lease, originally dated August 26, 2002, and previously amended on December 7, 2006 and July 9, 2012, for a period of ten years beginning on January 1, 2020. The monthly cost for the first five years is \$18,478; thereafter, the monthly cost for the remaining five years increases to \$19,402. Under the original and amended lease, beginning on January 1, 2020, and continuing throughout the term, the IMB shall pay as additional rent a portion of the increase in utility costs and taxes over the base year 2019 amounts. Rent expense for the year ended June 30, 2021 totaled \$220,851.

The following is a schedule of future minimum rental payments required under this lease:

Fiscal years ending June 30:

2022	\$ 221,740
2023	221,740
2024	221,740
2025	227,284
2026	232,827
Thereafter	814,895
Total	<u>\$ 1,940,226</u>

Administrative Fund

Notes to Financial Statements

NOTE 5. EMPLOYEE BENEFIT PLANS

Retirement - The IMB provides a defined contribution money purchase pension plan (Pension Plan) covering all of its employees. An employee becomes eligible to participate in the Pension Plan on the earlier of the January 1 or July 1 coinciding with or following the employee's hire date. The Pension Plan is solely funded by the IMB, which contributes 10 percent of each covered employee's salary. Contributions for the year ended June 30, 2021 totaled \$286,796. The plan provides for a five-year vesting schedule with vesting increasing 20 percent per year.

Healthcare - On November 1, 2011, the IMB established the Defined Contribution Medical Plan (the Plan). The Plan is maintained for the exclusive benefit of employees and is a medical reimbursement plan under *Internal Revenue Service Code Section 105(h)*. The Plan identifies the IMB as the Plan Administrator and authorizes the IMB to amend the Plan as needed.

On November 1 of each plan year, the IMB determines an amount to credit each eligible employee that is allocated to a Health Reimbursement Arrangement (HRA) account for each participant. Current annual credits are \$1,750 for single employees and \$3,500 for employees with qualifying spouses or dependents. These credits are to be used to reimburse participants for out-of-pocket medical expenses not covered by any other source. Medical expenses shall be defined under *Internal Revenue Service Code Section 213(d)*. Any amount remaining in a participant's HRA account at the end of the plan year shall be credited to the participant's account for the following year, in addition to the annual contribution. Upon separation from employment or retirement, a former employee or dependent will not continue to receive the annual credit but may use the remaining continued balance accumulated in the HRA account.

The IMB may at its discretion, through resolution of its Board of Trustees, discontinue funding the annual credits or terminate the Plan at any time without liability for such discontinuance or termination.

Contributions made to the Plan by the IMB for the year ended June 30, 2021 totaled \$79,268.

NOTE 6. CASH AND INVESTMENT RISK

At June 30, 2021, all of the IMB Administrative Fund's cash equivalents are invested in an institutional Treasury Money Market fund. This investment fund is rated Aaa by Moody's and AAA by Standard & Poor's and has no significant custodial credit risk or interest rate risk. The investment fund invests in U.S. Treasuries and is not exposed to a concentration of credit risk or any foreign currency risk. Cash balances are held in a FDIC insured bank account, the balance of which is below the \$250,000 insurance limit at all times.