

December 15, 2020

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Re: Annual Report to West Virginia University
Regarding the Unrestricted Investment Funds and the Operating Investments

The West Virginia University Foundation, Incorporated, in its capacity as Investment Agent, has prepared the enclosed annual report on the Unrestricted Investment Funds (the "Investment Funds") and the WVU Operating Investments (the "Operating Investments") for the 12-month period ending September 30, 2020.

As of July 1, 2019 the Unrestricted Investments Funds pool was combined into the WVU Consolidated Investments Portfolio to obtain investment economies of scale, operational efficiencies and cost savings alongside other investment pools for West Virginia University. Individual pool market values are maintained and tracked within a plan accounting structure. The investment performance results shown herein are calculated at the total portfolio level.

Included herein is a Market Overview and an Investments Review for the 12-month period, detailing the investment assets under management, asset allocation, and annual performance.

We are honored to serve as Investment Agent on behalf of West Virginia University and look forward to serving your needs as they relate to the Investment and Operating Funds. If you have any questions or would like any additional information, please do not hesitate to contact us.

Sincerely,



Richard S. Kraich, CFA
Vice President & Chief Investment Officer

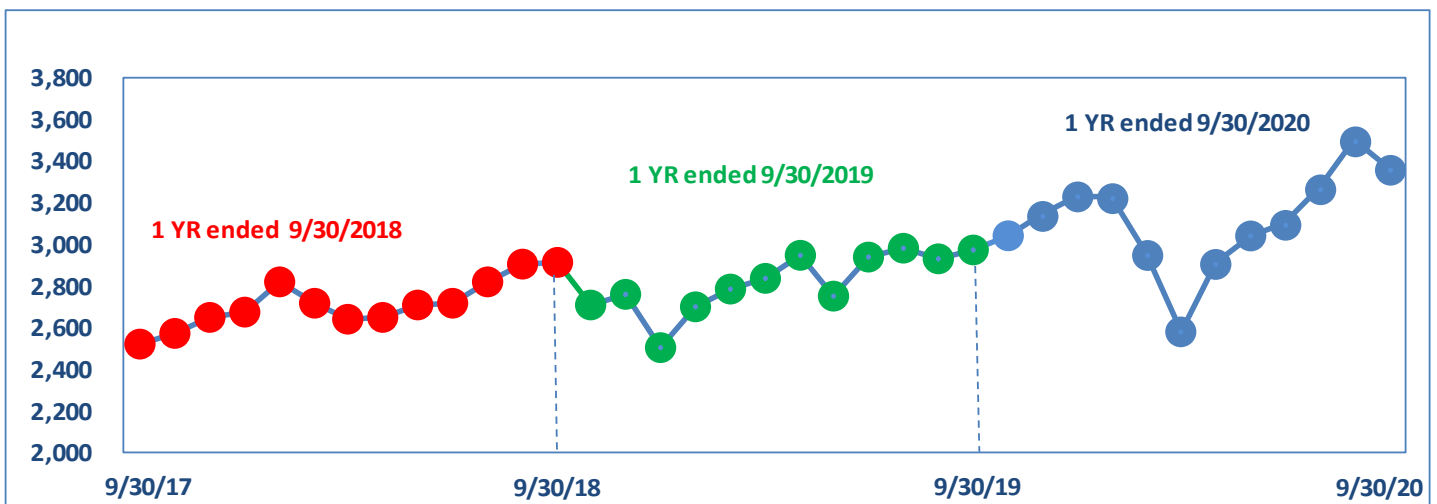
Market Overview

For the one-year period ended September 30, 2020, the first quarter began with broad-based gains across most major global asset classes apart from fixed income. The second quarter saw COVID-19 evolve into a global pandemic, disrupting global economies throughout the world and ending the longest stock market bull run in U.S. history. The Federal Reserve lowered the fed funds rate bottom range back to zero and announced a \$700 billion quantitative easing program followed by an unlimited and open-ended scope of asset purchases. The federal government passed the \$2.2 trillion CARES Act in March. As a result of the Fed's actions, the Barclays Aggregate gained 3.2% for the March quarter, led by an 8% gain for Treasuries. U.S. stocks quickly rebounded from March lows after facing a precipitous drop. Global risk assets staged a remarkable comeback in the quarter ended June 30, as investors, consumers, and corporations were bolstered by better-than-expected economic data and were trusting the Federal Reserve and federal government stimulus to right the ship. The rally continued in the September quarter as the U.S. economy continued to surprise to the upside.

Due to a strong 1st quarter, a sharp decline in the 2nd quarter and the final 6 months ending with the S&P 500 experiencing its best two-quarter performance since 2009, the S&P 500 concluded the 12-month period with a return of 15.2%. Developed international equities did not fare as well, with the Morgan Stanley Capital International (MSCI) EAFE Index returning 0.5%. Emerging markets equities outperformed developed markets with the MSCI Emerging Markets Index returning 10.5% for the 12-month period. The Barclays Aggregate Bond Index returned 7.0% for the 1-year period.

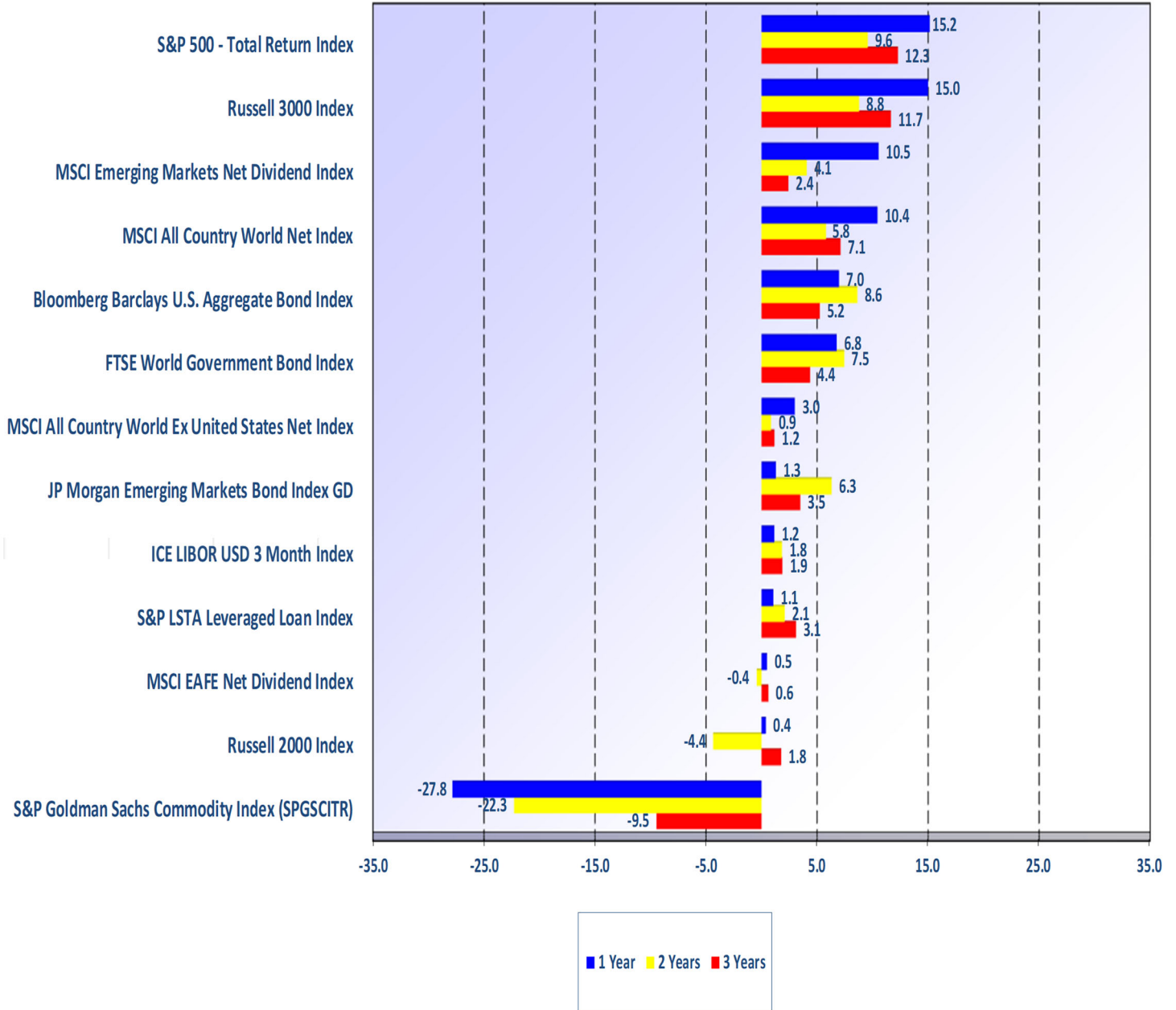
The following charts display (i) the change in value of the S&P 500 over the most recent 3-year period, and (ii) the performance of key market indices for the 1-, 2-, and 3-year periods ended September 30, 2020.

S&P 500 Values



*S&P 500 values shown do not include dividends.

Market Performance Periods Ended September 30, 2020

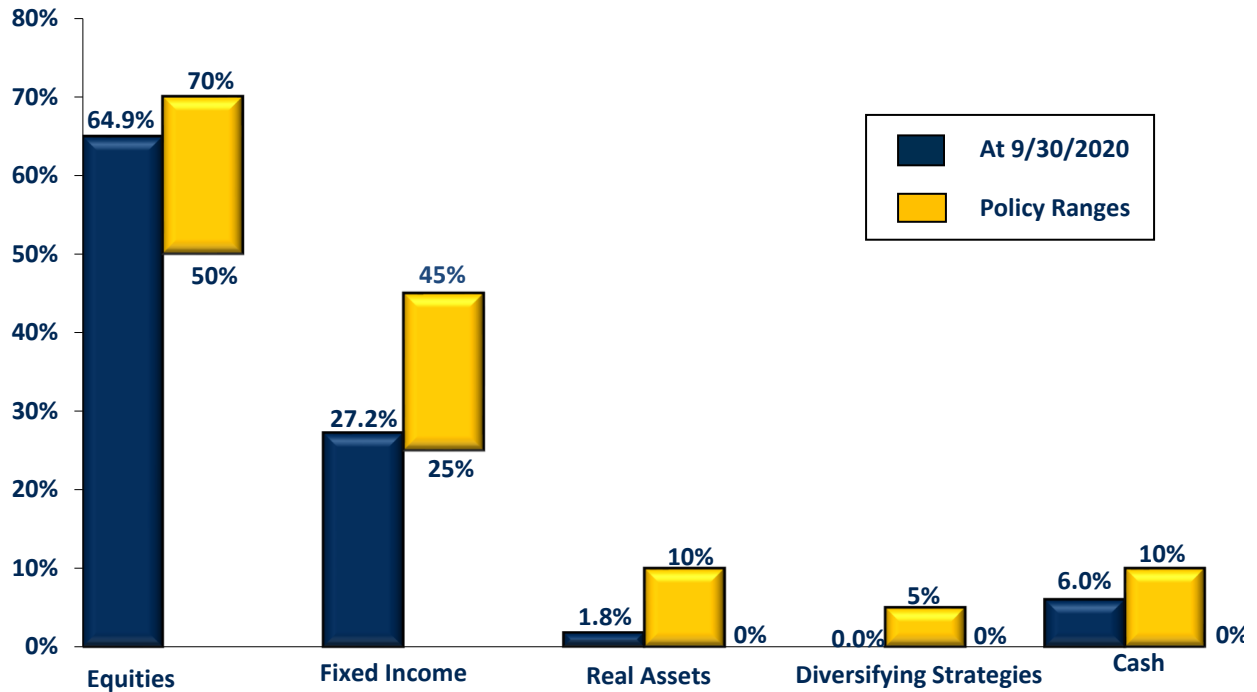


Investment Assets under Management: At September 30, 2020 the value of the Investment Funds’ portfolio was \$73.4 million. There were no transfers in or out of the pool during the 12-month period. The portfolio produced \$7.1 million in earnings during the 1-year period and \$14.0 million for the 3-year period ending September 30, 2020.

Asset Allocation: The Investment Funds’ asset allocation policy is reviewed annually with the WVU Investment Committee.

At September 30, 2020, all asset classes were in line with their policy ranges. This portfolio is rebalanced quarterly to policy ranges subject to Committee review and approval. The Investment Policy allows for flexibility to maintain allocations outside the recommended range at the Committee’s discretion.

Asset Allocation as of September 30, 2020



Performance Summary as of September 30, 2020

For the 12 months ended September 30, 2020, the Investment Funds returned 10.5%, resulting in a gain of \$7.1 million and exceeding the custom benchmark return of 6.7%. The Domestic Equity funds returned 13.6% for the year, while the International Equity funds returned 17.3%, led by MFS International Value Fund, Baillie Gifford International Alpha Fund, Oppenheimer International Growth Fund and Artisan International Small Mid Fund. The Fixed Income portion of the portfolio returned 7.8%, ahead of the 7.0% return of the Barclays Aggregate Bond Index, led by Guggenheim Total Return Bond Fund which returned 11.3% for the period. Real Assets, representing less than 2% of the portfolio, struggled during the year, returning -16.1%. Since inception of the Investment Funds' program in November 2006, the program has generated an annualized return of 5.8% versus the custom benchmark return of 5.4%.

Performance Returns as of September 30, 2020

	<u>1 YR</u>	<u>3 YR</u>	<u>ITD*</u>
WVU Unrestricted Investment Funds	10.5	7.0	5.8
<i>Custom Benchmark**</i>	<i>6.7</i>	<i>5.9</i>	<i>5.4</i>
<i>Russell 3000</i>	<i>15.0</i>	<i>11.7</i>	<i>8.7</i>
<i>MSCI EAFE</i>	<i>0.5</i>	<i>0.6</i>	<i>2.2</i>
<i>Barclays Aggregate Bond Index</i>	<i>7.0</i>	<i>5.2</i>	<i>4.5</i>

*The inception date of the portfolio for performance tracking purposes is 12/1/2006.

WVU Operating Investments Portfolio Review

The objective of managing the WVU Operating Investments is to generate interest with very limited, if any, risk to capital using short duration investment strategies. For the 12-month period ending September 30, 2020, the Operating Investments utilized an ICS savings account and a CDARS program using 4-week and 13-week maturities through United Bank. This program was initiated after receiving the State Treasurer’s Office approval on August 25, 2015.

Activity as of September 30, 2020

	9/30/19					9/30/20
	Balance	Deposits	Interest	Transfers	Withdrawals	Balance
ICS Savings	35,089,695	148,000,000	176,454	20,163,428	(153,405,574)	50,024,003
4 Week CDARS	10,000,000	42,000,000	102,655	(52,102,655)	-	-
13 Week CDARS	10,000,000	-	60,773	(10,060,773)	-	-
Total	55,089,695	190,000,000	339,883	(42,000,000)	(153,405,574)	50,024,003

Interest Rate Range 9/30/19 - 9/30/20
ICS Savings: 0.30% - 1.96%
4 Week CDARS: 0.295% - 2.19%
13 Week CDARS: 0.295% - 2.19%