

December 18, 2023

The Honorable James C. Justice, II
Governor of West Virginia
State Capitol 1900 Kanawha Blvd., East
Charleston, WV 25305

Dear Governor Justice,

In accordance with the requirements of WV State Code 12-1-12d(f), I respectfully submit the enclosed report on behalf of the West Virginia University Board of Governors. This report provides information about the University's unrestricted investment fund and the operating investments for the period October 1, 2022 – September 30, 2023.

The September 30, 2023, values of the WVU unrestricted investment and operating investment portfolios managed by the WVU Foundation were \$53,958,965 and \$95,138, respectively. The asset allocation ranges for these funds as well as the actual allocations as of September 30, 2023, may be found in the attached report from the WVU Foundation on Page 3 and 5.

The 12-month return for the unrestricted investments can be found on Page 4. The WVU unrestricted portfolio achieved a 12-month return during the investment reporting period of 10.6%. As a point of comparison, during the same period of time the Russell 3000 returned 20.5% and the Barclay's Aggregate bond index returned 0.6%. WVU uses a blended benchmark to assess performance of the unrestricted investment portfolio. The benchmark blended rate for the period was 10.2%. This portfolio exceeded its blended benchmark for the period and has outperformed the blended benchmark since inception.

As mentioned on Page 3 of the WVU Foundation report, WVU reviews its asset allocation of these portfolios at least annually. Over the past few years, upon recommendation of the WVU Foundation based on WVU's expressed risk tolerance, WVU has modestly revised the asset allocation of the unrestricted investment portfolio to reflect the long-term nature of the assets being managed.

WVU and the WVU Foundation are proud that the unrestricted investment portfolio has performed well in volatile equity and fixed income market conditions. The graph on Page 1 of the WVU Foundation report demonstrates an advance in the S&P 500 this year after a pull-back of the S&P 500 during the prior year. We continue to view the comparative performance of our portfolio detailed on Page 4 as evidence that this investment program and the prudent investment strategies allowed within the program can generate positive results.

During the 2015 legislative session, the limit on the amount of money that WVU can invest with its Foundation was removed. WVU elected to place its available operating dollars with the WVU Foundation for investment in short term, federally guaranteed investments. WVU made its first investment of such money on August 25, 2015. The returns on these investments as well as additional detail about how the money has been invested between the various investment vehicles can be found on Page 5. Funds are removed from these investments as they are needed to meet the current obligations of the University throughout the year. WVU compares returns on this investment opportunity through the WVU Foundation with returns that can be obtained through the WV Board of Treasury Investments (BTI) Money Market fund. WVU invests monies in whichever fund has the greater return. As of September 30, 2023, WVU had \$90,144,257 invested in the BTI Money Market Fund.

Should you desire additional information regarding WVU's investments managed by the WVU Foundation, please contact me directly at 304-293-4008.

Sincerely,



David R. Kosslow
Associate Vice President for Finance and Treasury

Enclosure

cc: Aaron Allred, Legislative Services
Taunja Willis Miller, WVU Board of Governors Chair
Kevin Craig, WVU Board of Governors Finance Chair
E. Gordon Gee, President
Paula Congelio, Vice President for Finance and CFO

December 15, 2023

Paula Congelio
Vice President and CFO
West Virginia University
Post Office Box 9000 Suite 1000
Morgantown, WV 26506

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, 2023.

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

Global equity markets were strong in the first three quarters of the 12-month period ended September 30, 2023, supported by robust economic data, a decline in headline inflation and expectations of peaking policy rates. Inspired by the world changing implications of artificial intelligence (AI), the S&P 500 was led by the “magnificent seven”, the seven largest stocks in the index (Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta). The final quarter saw a reversal in most major asset classes reflecting concerns around the Fed keeping interest rates “higher for longer” and the prospects for a soft landing in the United States. Developed international markets declined due to the strengthening US Dollar and pressures from slowing GDP growth, while emerging markets lagged due to weakness in Chinese markets amid concerns about the country’s crisis-hit property sector and slowing economy.

Despite the reversal in the final quarter, the S&P 500 concluded the 12-month period with a return of 21.6%. For the one-year period, every sector of the S&P 500 was positive, led by Information Technology (helped by AI optimism), Communication Services and Energy. Developed international equities outperformed the U.S., with the Morgan Stanley Capital International (MSCI) EAFE Index returning 25.7%. Emerging markets equities underperformed developed markets with the MSCI Emerging Markets Index returning 11.7% for the 12-month period. The Barclays Aggregate Bond Index was barely positive for the one-year period, returning 0.6% due to the Federal Reserve interest rate increases.

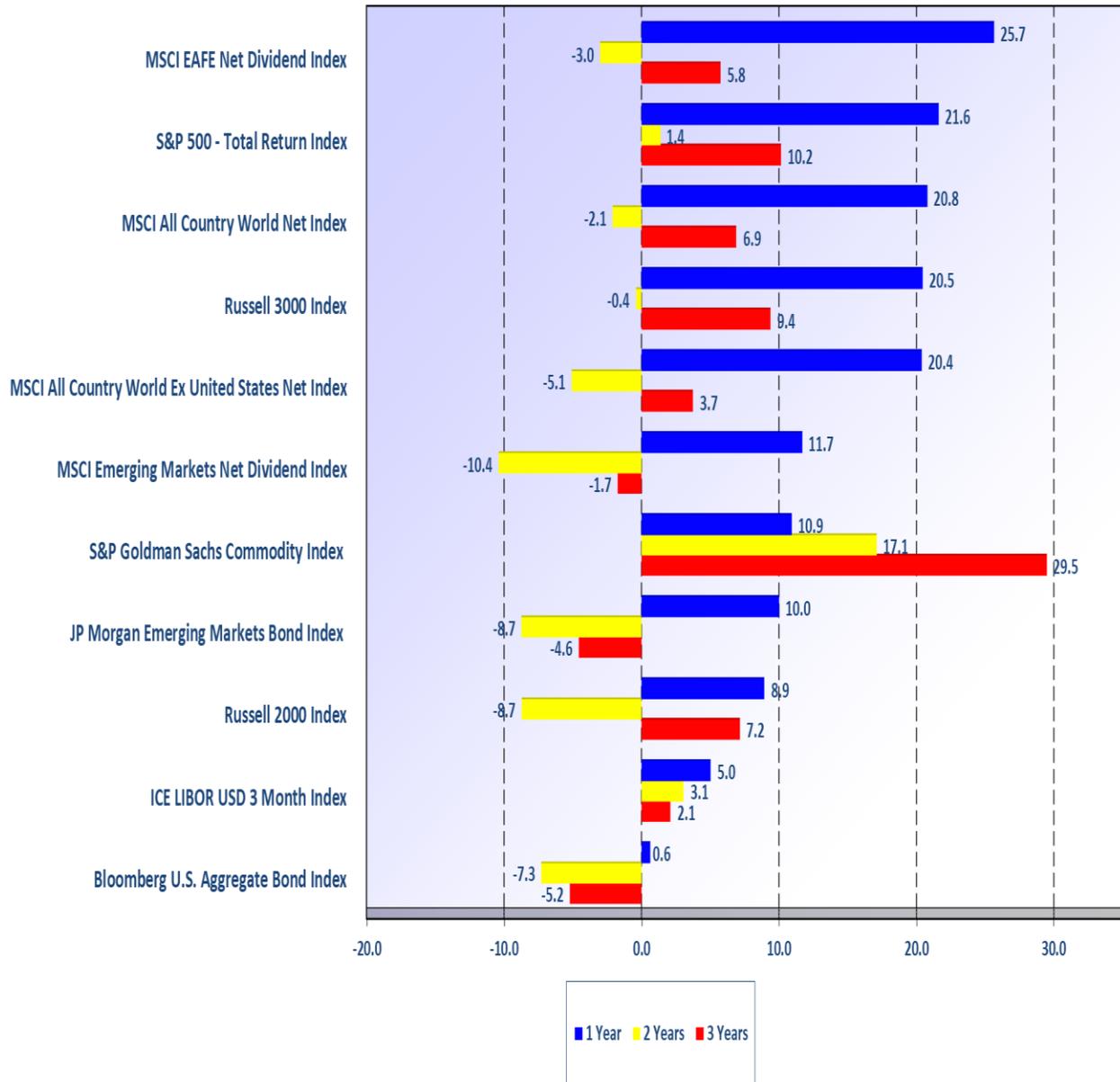
The following charts display (i) the change in value of the S&P 500 over the most recent 3-year period, and (ii) the performance of key market indices for the 1-, 2-, and 3-year periods.

S&P 500 Values



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

Market Performance Periods Ended September 30, 2023



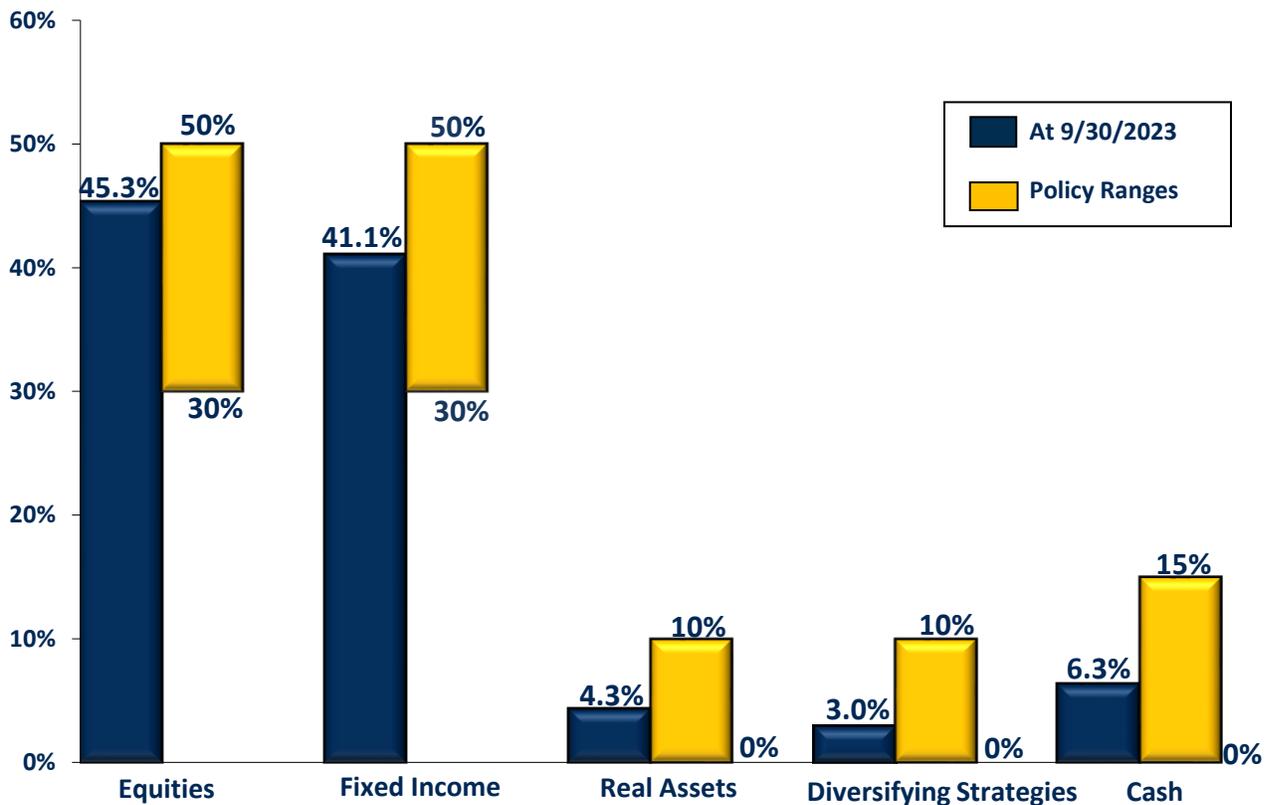
WVU Investment Funds Review

Investment Assets under Management: At September 30, 2023 the value of the Investment Funds' portfolio was \$54.0 million. Transfers out of the pool during the 12-month period totaled \$25.0 million. The portfolio had a gain of \$7.7 million during the 1-year period and a gain of \$6.6 million in earnings for the 3-year period ending September 30, 2023.

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

At September 30, 2023, 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, 2023



Performance Summary as of September 30, 2023

For the 12 months ended September 30, 2023, the Investment Funds returned 10.6%, resulting in a gain of \$7.7 million, outperforming the custom benchmark return of 10.2%. The Domestic Equity funds returned 18.7% for the year, while the International Equity funds returned 19.9%. Private Equity investments returned 5.7% for the year. The Fixed Income portion of the portfolio returned 3.1%, ahead of the 0.6% return of the Barclays Aggregate Bond Index. Real Assets returned 19.2%. Since the inception of the Investment Funds' program in November 2006, the program has generated an annualized return of 5.3% versus the custom benchmark return of 5.0%.

Performance Returns as of September 30, 2023

	1YR	3YR	ITD
WVU Unrestricted Investment Funds	10.6	2.8	5.3
<i>Custom Benchmark**</i>	<i>10.2</i>	<i>3.3</i>	<i>5.0</i>
<i>Russell 3000</i>	<i>20.5</i>	<i>9.4</i>	<i>8.8</i>
<i>MSCI EAFE</i>	<i>25.7</i>	<i>5.8</i>	<i>2.9</i>
<i>Barclays Aggregate Bond Index</i>	<i>0.6</i>	<i>-5.2</i>	<i>2.7</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, 2023, an ICS savings account through United Bank was utilized. This program was initiated after receiving the State Treasurer's Office approval on August 25, 2015.

Activity as of September 30, 2023

	9/30/22 Balance	Deposits	Interest	Transfers	Withdrawals	9/30/23 Balance
ICS Savings	10,147,102		15,743	-	(10,067,706)	95,138
4 Week CDARS	-	-	-	-	-	-
13 Week CDARS	-	-	-	-	-	-
Total	10,147,102	-	15,743	-	(10,067,706)	95,138

Interest Rate Range 10/1/22 - 9/30/23
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ICS Savings: 3.18% - 5.43%
