WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

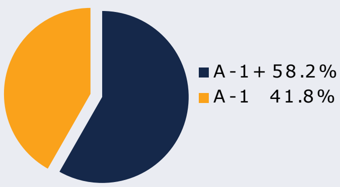
West Virginia Money Market Pool

Portfolio Overview as of 9/30/2024

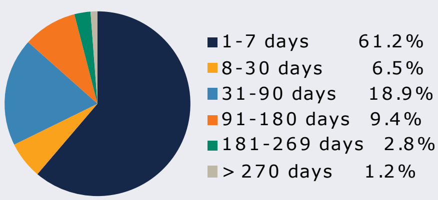
Pool Assets

$9.7 billion

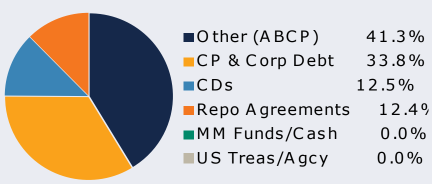
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Weighted Average Maturity

35 Days

Top Holdings (%)

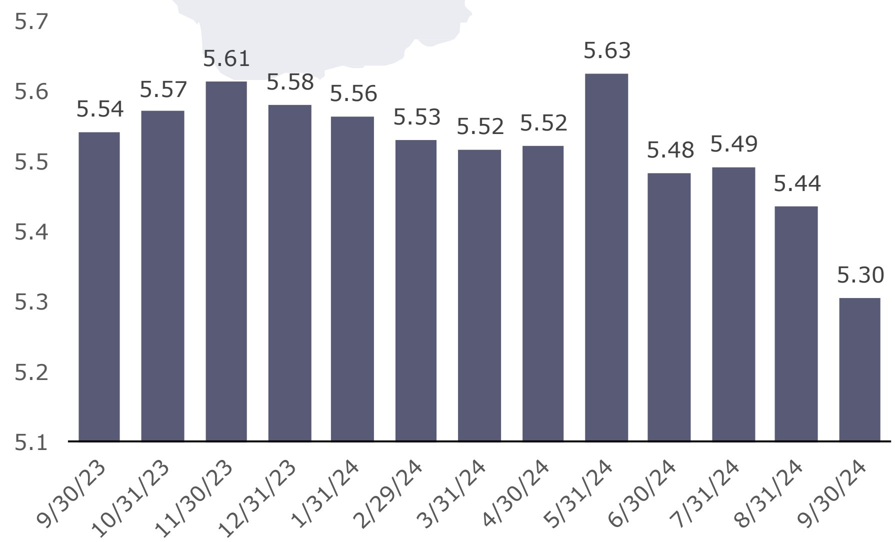
Citigroup Global Markets	6.5%
Barton Capital Corp	3.8%
Bank of America	3.4%
Natixis Financial	3.3%
LMA Americas LLC	3.1%
Chariot Funding LLC	2.7%
Longship Funding LLC	2.5%
Anglesea Funding LLC	2.5%
Old Line Funding Corp	2.3%
Toronto Dominion Bank	2.3%
Total % of Portfolio	**32.4%**

The West Virginia Money Market Pool is a money market portfolio created to invest the majority of the state and local government operating funds. The objective of the portfolio is to maintain sufficient liquidity to meet the needs of the participants while striving to earn a return above inflation. The risk factor is low and managed through numerous maturity restrictions, diversification, guidelines, and credit limits.

Pool Features and Benefits:

- Professional management is provided by the West Virginia Board of Treasury investments' staff and professional investment advisors (Federated Hermes and UBS Global Asset Management).
- Rated AAAm by Standard & Poor's.
- Seeks to maintain a net asset value (NAV) of $1 per share.
- Investment yields are competitive with other money market accounts.
- Easy access is provided through the State Treasurer's Office online system.
- Account can be opened for as little as $100 with no limit on the number of transactions.
- Contributions and withdrawals are allowed daily.
- Income is distributed on a daily basis.

7-Day Simple Money Market Yield (%)



To learn how to make the West Virginia Money Market Pool work for your cash investing needs call: 304-340-1564 or visit: wvbti.org

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

A AAAm rating by Standard & Poor's is obtained after S&P evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change and do not remove market risk.

Commentary

Sky High

The Chicken Little predictions that the Federal Reserve easing cycle would lead to an exodus of assets from liquidity products have been proven wrong. Money market funds across the industry alone have experienced inflows of around $150 billion since the Fed cut rates by 50 basis points in mid-September to a range of 4.75-5%.

It's another case of the disconnect between some media pundits and investors. The former want their opinions heard, and bad news gets more attention. The latter simply want the highest possible return across their portfolio, whether they invest in liquidity products to offset riskier holdings or for future deployment to other investment opportunities.

Historically, in a falling-rate environment, yields of cash management products lag the direct security market. Why? Because some of their holdings have locked in higher rates, and most of those won't mature until later, at some point in the next 12 months—referred to as a laddered strategy. In contrast, some securities in the direct market—especially overnight securities and those with floating rates—trace Fed moves immediately, as does the Reverse Repurchase Facility, which now sits at 4.80%. History is only a guide, of course, but we think this will be the case as the easing continues.

Some cynics channeling Henny Penny—the original name of that apocalyptic-minded chicken in the European folk tale—characterize the magnitude of the half-point reduction as a mortal blow. We think that actually helps cash-like vehicles because the decline in their yields traditionally has been proportional to the cut. Had the Fed trimmed the target range by a quarter-point, liquidity yields likely would have a spread of around 12 basis points initially. As it stands, that difference is closer to 25 basis points due to the oversized cut, and gets more attractive out the inverted yield curve. No wonder the inflows.

Strike that?

The Fed has tacitly declared victory over inflation, and the August PCE report supports that. Core PCE, which strips out volatile elements such as energy and food prices, rose only 0.1% from July against expectations for a 0.2% gain. But inflation might reverse course if the port workers across the Eastern seaboard go on strike. The Fed typically ignores exogenous events as being too temporary to warrant a monetary policy response. But the disruption to supply chains is not easily predictable. While it likely won't be as disruptive as the pandemic, it probably would be worse than the interference caused by the cargo ship stuck in the Suez Canal, terrorist attacks in the Red Sea and the tragedy in Baltimore combined. If a strike by longshoremen is prolonged, inflation could rise to the point that the Fed could hold rates at one of the year's last meetings.

Central bank news

Policymakers of three other major central banks met in September. Sluggish growth across the eurozone and cooling inflation, which fell to an annualized 2.2% in August, may have encouraged the European Central Bank to cut its deposit rate by 25 basis points to 3.5% last month. It was its second reduction this year, following its landmark cut in June. The Bank of England's Monetary Policy Committee voted to leave rates unchanged at 5%, after reducing rates by 25 basis points at its meeting in August. Lastly, the Bank of Japan did not raise rates last month, saying it wanted to take its time and monitor other countries. Although Governor Kazuo Ueda said Japan's economy is progressing well, he is concerned about the global picture: "The outlook for overseas economic development is highly uncertain. We need to scrutinize such developments carefully for the time being."