

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
April 25, 2024

## OPERATING REPORT FEBRUARY 2024

### Board of Treasury Investments

315 70<sup>th</sup> Street, SE  
Charleston WV  
25304  
(304) 340-1564  
www.wvbt.com

### Board of Directors

Riley M. Moore,  
State Treasurer,  
Chairman

James C. Justice II,  
Governor

John B. McCuskey,  
State Auditor

Patrick M. Smith,  
CPA  
Appointed by the  
Governor

Mark A. Mangano,  
Esq. Attorney  
Appointed by the  
Governor

### Executive Staff

Executive  
Director

Kara K. Hughes,  
CPA, MBA, CFE,  
CGIP

Chief Financial  
Officer

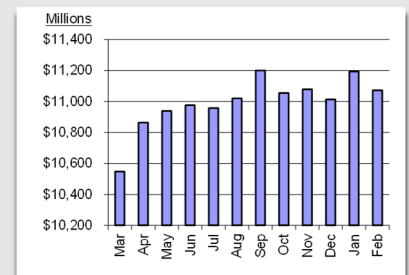
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$11,071,530,000**

Last Month  
**\$11,193,136,000**

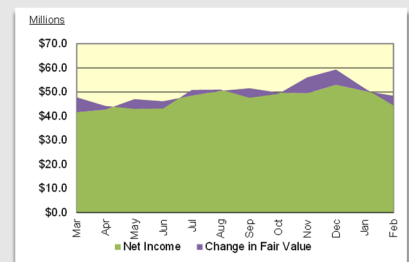
Beginning of Fiscal Year  
**\$10,975,194,000**



**Net Assets for the Past  
12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$411,298,000**



**Monthly Net Income &  
Changes in Fair Value for  
the Past 12 Months**

### Money Market Pools As of February 29, 2024

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5460%	40 Days	\$9.9 Billion
WV Gov't Money Market	5.3472%	37 Days	\$490.4 Million

\* Yields represent the simple money market yield net of fees.

\*\* W.A.M. is the weighted average maturity.

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### FEBRUARY 2024

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#### **Tug-of-war Between Economic Data and Rate Cuts**

##### **Overview:**

February was a solid month for equities, but bonds struggled amidst stronger growth and increased inflation fears. The CPI in January increased 0.3% after rising less (0.2%) in December, with a year/year increase of 3.1%. PCE numbers were released in late February and were also higher at 0.3% for January and 2.4% year/year. The same patterns as noted in prior releases were evident; goods inflation was lower, and services inflation was higher (including housing as notably strong). This, coupled with strong labor numbers, fueled bond market anxiety about interest rate cuts materializing in the near term.

##### **Equity Markets**

Global stocks continued the January trend and were positive in the month, including emerging markets which has been a laggard of late. Small cap growth stocks led the month with a return of 8.1% as growth stocks across all capitalization sizes continued to outperform value stocks. Notably, all sectors of the S&P 500 had a positive month, led by the Consumer Discretionary sector (+8.7%) and Industrials (+7.2%). The S&P 500 Index returned 5.3% in the month, bringing the two month return to 7.1%, a strong showing year to date. Non-US stocks as measured by the EAFE had a positive month (+1.8%) and China led the emerging markets return in the month (+8.4%), although year to date China is still negative (-3.1%), as is the emerging markets index at -0.1%.

##### **Fixed Income**

Another down month for the fixed income markets was reflected by the Bloomberg Aggregate (-1.4%), and long Treasuries were down the most (-2.3%). Even shorter duration Treasuries posted a negative return (-0.4%), as did investment grade credit (-1.4%). High yield bonds posted a modestly positive return (+0.3%).

##### **Looking Forward**

With year-end earnings season largely behind us - and although sector-by-sector and company-by-company differences continue to provide more nuanced results - earnings were positive 4.0%. This was the second straight quarter of year-over-year earnings growth, which helped boost stocks. Bonds have struggled to digest the recent strong economic data relative to wishful expectations for interest rate cuts. The increase in yields during February took the 10-year Treasury back to levels last seen in the summer/fall of 2023. It seems the market has again adjusted to more of a higher for longer mentality, although cuts are still priced in for later in the year. While incoming data will continue to drive the outcome, the tug-of-war between resilient economic data and rate cut enthusiasm rages on.

# West Virginia Board of Treasury Investments

## Financial Highlights as of February 29, 2024

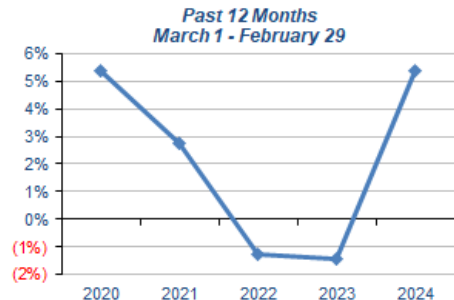
### WV Short Term Bond Pool

#### Rates of Return for the Past 12 Months Net of All Fees

March 1 - February 29	Return	Net Assets At Feb 29 (In Millions)
2024	5.4%	\$ 673.2
2023	(1.5%)	\$ 694.1
2022	(1.3%)	\$ 804.3
2021	2.8%	\$ 818.6
2020	5.4%	\$ 827.8

Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

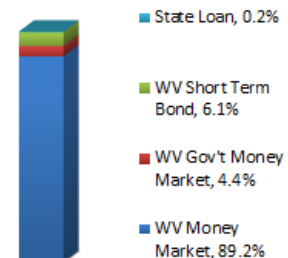
#### WV Short Term Bond Pool Rates of Return



### Summary of Value and Earnings (In Thousands)

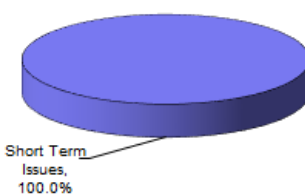
Pool	Net Asset Value	Feb Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 9,880,358	\$ 43,719	\$ 367,666
WV Gov't Money Market	490,449	2,159	15,506
WV Short Term Bond	673,248	(1,546)	27,733
WV Bank	0	0	1
Loans	26,471	48	346
Participant Accounts	1,004	3	46
	<u>\$ 11,071,530</u>	<u>\$ 44,383</u>	<u>\$ 411,298</u>

#### Percent of Total Net Asset Value

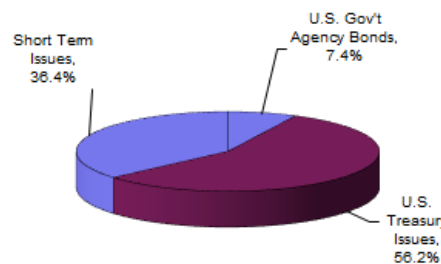


### Securities by Type for Operating Pools (Percentage of Asset Value)

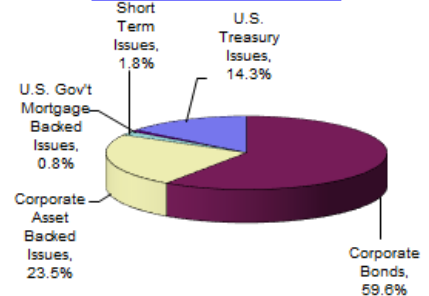
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**FEBRUARY 29, 2024**  
*(IN THOUSANDS)*

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	Other Pools	Participant Directed Accounts	Total
<b>Assets</b>						
Investments:						
At amortized cost	\$ 9,851,807	\$ 494,983	\$ -	\$ 26,372	\$ -	\$ 10,373,162
At fair value	-	-	678,344	-	1,000	679,344
Other assets	29,308	425	7,842	100	4	37,679
Total assets	9,881,115	495,408	686,186	26,472	1,004	11,090,185
<b>Liabilities</b>						
Accrued expenses, dividends payable & payables for investments purchased	757	4,959	12,938	1	-	18,655
Total liabilities	757	4,959	12,938	1	-	18,655
<b>Net Position</b>						
Held in trust for investment pool participants	9,880,358	490,449	673,248	-	-	11,044,055
Held in trust for individual investment account holders	-	-	-	26,471	1,004	27,475
Total net position	\$ 9,880,358	\$ 490,449	\$ 673,248	\$ 26,471	\$ 1,004	\$ 11,071,530
<b>Additions</b>						
Investment income:						
Interest and dividends	\$ 19,053	\$ 1,195	\$ 2,371	\$ 49	\$ 3	\$ 22,671
Net (amortization) accretion	25,031	984	131	-	-	26,146
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	44,084	2,179	2,502	49	3	48,817
Investment expenses:						
Investment advisor, custodian bank & administrative fees	365	20	43	1	-	429
Total investment expenses	365	20	43	1	-	429
Net investment income	43,719	2,159	2,459	48	3	48,388
Net realized gain (loss) from investments	-	-	(598)	-	-	(598)
Net increase (decrease) in fair value of investments	-	-	(3,407)	-	-	(3,407)
Net increase (decrease) in net position from operations	43,719	2,159	(1,546)	48	3	44,383
Participant transaction additions:						
Purchase of pool units by participants	921,612	29,273	-	-	-	950,885
Reinvestment of pool distributions	43,657	2,159	1,835	-	-	47,651
Contributions to individual investment accounts	-	-	-	-	-	-
Total participant transaction additions	965,269	31,432	1,835	-	-	998,536
Total additions	1,008,988	33,591	289	48	3	1,042,919
<b>Deductions</b>						
Distributions to pool participants:						
Net investment income	43,655	2,159	2,459	-	-	48,273
Net realized gain (loss) from investments	-	-	(599)	-	-	(599)
Total distributions to pool participants	43,655	2,159	1,860	-	-	47,674
Participant transaction deductions:						
Redemption of pool units by participants	1,084,483	32,112	150	-	-	1,116,745
Withdrawals from individual investment accounts	-	-	-	51	55	106
Total participant transaction deductions	1,084,483	32,112	150	51	55	1,116,851
Total deductions	1,128,138	34,271	2,010	51	55	1,164,525
Net increase (decrease) in net position from operations	(119,150)	(680)	(1,721)	(3)	(52)	(121,606)
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-
Change in net position	(119,150)	(680)	(1,721)	(3)	(52)	(121,606)
Net position at beginning of period	9,999,508	491,129	674,969	26,474	1,056	11,193,136
Net position at end of period	\$ 9,880,358	\$ 490,449	\$ 673,248	\$ 26,471	\$ 1,004	\$ 11,071,530