

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 10 2023

OPERATING REPORT APRIL 2023

Board of Treasury Investments

315 70th 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

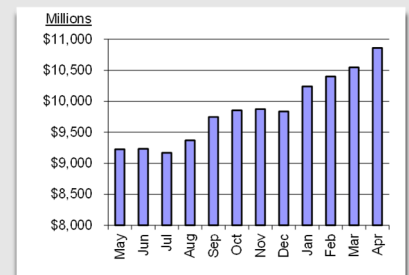
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$10,862,858,000

Last Month
\$10,547,041,000

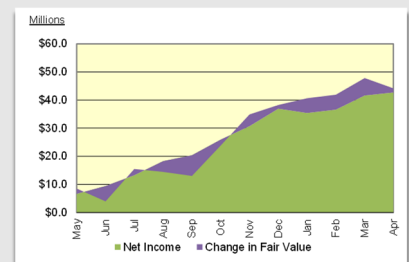
Beginning of Fiscal Year
\$9,234,695,000



**Net Assets for the Past
12 Months**

**Total Net Income & Changes in
Fair Value**

Fiscal Year
\$303,759,000



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

Money Market Pools As of April 30, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.0108%	21 Days	\$9.8 Billion
WV Gov't Money Market	4.7933%	11 Days	\$278.0 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

APRIL 2023

April Showers

April Showers

April showers were experienced in April as a rain of market events. Economic data was mixed but generally supported the case for a slowing economy albeit not the recessionary environment that many had forecast. GDP for the quarter was released in April and came in at 1.1%, below last quarter. In addition, retail sales slowed, but wage gains were positive and above the latest inflation rate. Inflation data was also modestly lower than in March and continued the downward trend we have seen this year. However, at 4.2% for PCI or 5% for CPI year over year it is still likely too high to satisfy the Fed. Expectations are that another 25-basis point rate increase this week seems likely. This potential rate increase comes despite closing the month with yet a third bank takeover, First Republic, whose loss of over \$100 billion in deposits of late, likely sealed its fate. JP Morgan the largest bank in the U.S. becomes yet larger with the assets of First Republic. But markets took it in stride and ended positive for the month for both stocks and bonds indexes, masking some declines beneath the surface of the broad index return (more on that below).

Equity Markets

As April showers returned, so did the resurgence of a small portion of large cap growth stocks as drivers of market performance. While the S&P 500 up 8% year to date, over 40% of that has come from a handful of stocks; Amazon, Meta, Apple and Nvidia. These four stocks on average contributed about 44% to the capitalization weighted return. Growth is now outperforming value by over 13 percentage points year to date, a dramatic reversal from 2022. The S&P 500 equal weighted return is only up 3% year to date. In the month of April, value underperformed in the small cap universe primarily due to the concentration in regional banks, but large cap value eked out a slightly better return than growth.

Overall, the best equity performance came from non-U.S. developed market stocks which have now outperformed US stocks for the first four months of the year. The EAFE index is up 11.5% year to date after a 2.8% return in April. On the other hand, emerging markets stocks posted negative returns in the month and while positive year to date, still lag all other broad stock markets.

Fixed Income Markets

Bond markets were also positive in April, managing a small gain of 0.6% and bringing the yearto-date return to 3.6%.

In response to the fears from the banking turmoil, short term fixed income continues to dominate in yield advantage and investor preference. As seen in the chart below, money market inflows were over \$360 billion in month of March alone as deposits fled many banks in favor of money markets. While it seems likely the Fed raises rates again, the probability of a pause thereafter continues to increase against a backdrop of credit problems and a pullback in financing.

Looking Ahead

As the adage describes, April showers bring May flowers, and shoots of positive news from the Fed would be a welcome respite from the recent developments. With the risk of repeating ourselves, this is a market that will move to the whims of the data as it rolls in, so we believe we will see more ups and downs before a pattern is established.

West Virginia Board of Treasury Investments Financial Highlights as of April 30, 2023

WV Short Term Bond Pool

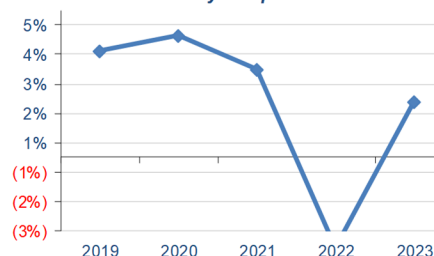
Rates of Return for the Past 12 Months *Net of All Fees*

<u>May 1 - April 30</u>	<u>Return</u>	<u>Net Assets At Apr 30 (In Millions)</u>
2023	1.9%	\$ 704.2
2022	(3.1%)	\$ 700.4
2021	3.0%	\$ 820.5
2020	4.2%	\$ 811.8
2019	3.6%	\$ 728.5

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

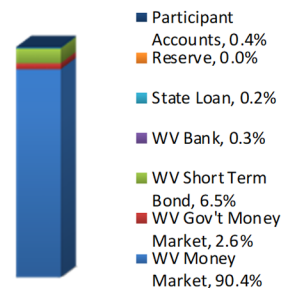
*Past 12 Months
May 1 - April 30*



Summary of Value and Earnings *(In Thousands)*

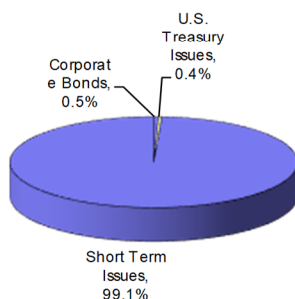
<u>Pool</u>	<u>Net Asset Value</u>	<u>Apr Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,815,146	\$ 39,697	\$ 280,057
WV Gov't Money Market	277,951	1,151	8,020
WV Short Term Bond	704,227	3,308	15,089
WV Bank	65	0	9
Loans	23,997	24	395
Reserve	0	0	73
Participant Accounts	41,472	15	116
	<u>\$ 10,862,858</u>	<u>\$ 44,195</u>	<u>\$ 303,759</u>

Percent of Total Net Asset Value

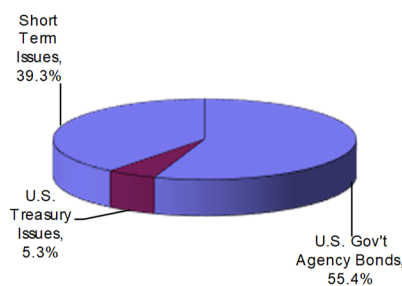


Securities by Type for Operating Pools *(Percentage of Asset Value)*

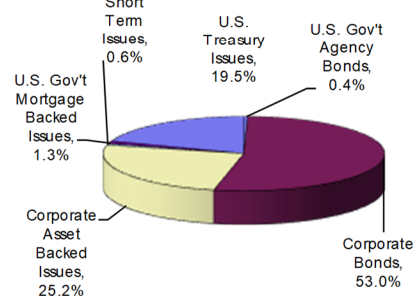
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
APRIL 30, 2023
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 9,794,604	\$ 280,405	\$ -	\$ 65	\$ 23,974	\$ -	\$ 10,099,048
At fair value	-	-	701,095	-	-	41,419	742,514
Other assets	21,950	601	4,735	-	25	54	27,365
Total assets	<u>9,816,554</u>	<u>281,006</u>	<u>705,830</u>	<u>65</u>	<u>23,999</u>	<u>41,473</u>	<u>10,868,927</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	<u>1,408</u>	<u>3,055</u>	<u>1,603</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>6,069</u>
Total liabilities	<u>1,408</u>	<u>3,055</u>	<u>1,603</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>6,069</u>
Net Position							
Held in trust for investment pool participants	9,815,146	277,951	704,227	-	-	-	10,797,324
Held in trust for individual investment account holders	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>23,997</u>	<u>41,472</u>	<u>65,534</u>
Total net position	<u>\$ 9,815,146</u>	<u>\$ 277,951</u>	<u>\$ 704,227</u>	<u>\$ 65</u>	<u>\$ 23,997</u>	<u>\$ 41,472</u>	<u>\$ 10,862,858</u>
Additions							
Investment income:							
Interest and dividends	\$ 21,360	\$ 850	\$ 1,816	\$ -	\$ 25	\$ 18	\$ 24,069
Net (amortization) accretion	18,692	314	13	-	-	(2)	19,017
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>40,052</u>	<u>1,164</u>	<u>1,829</u>	<u>-</u>	<u>25</u>	<u>16</u>	<u>43,086</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	<u>363</u>	<u>13</u>	<u>46</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>423</u>
Total investment expenses	<u>363</u>	<u>13</u>	<u>46</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>423</u>
Net investment income	39,689	1,151	1,783	-	24	16	42,663
Net realized gain (loss) from investments	8	-	(360)	-	-	-	(352)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>1,885</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1,884</u>
Net increase (decrease) in net position from operations	39,697	1,151	3,308	-	24	15	44,195
Participant transaction additions:							
Purchase of pool units by participants	2,505,375	21,982	-	-	-	-	2,527,357
Reinvestment of pool distributions	39,697	1,151	735	-	-	-	41,583
Contributions to individual investment accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total participant transaction additions	<u>2,545,072</u>	<u>23,133</u>	<u>735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,568,940</u>
Total additions	2,584,769	24,284	4,043	-	24	15	2,613,135
Deductions							
Distributions to pool participants:							
Net investment income	39,689	1,151	1,783	-	-	-	42,623
Net realized gain (loss) from investments	8	-	(360)	-	-	-	(352)
Total distributions to pool participants	<u>39,697</u>	<u>1,151</u>	<u>1,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,271</u>
Participant transaction deductions:							
Redemption of pool units by participants	2,228,176	26,845	-	-	-	-	2,255,021
Withdrawals from individual investment accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>
Total participant transaction deductions	<u>2,228,176</u>	<u>26,845</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>2,255,047</u>
Total deductions	<u>2,267,873</u>	<u>27,996</u>	<u>1,423</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>2,297,318</u>
Net increase (decrease) in net position from operations	316,896	(3,712)	2,620	-	(2)	15	315,817
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	316,896	(3,712)	2,620	-	(2)	15	315,817
Net position at beginning of period	9,498,250	281,663	701,607	65	23,999	41,457	10,547,041
Net position at end of period	<u>\$ 9,815,146</u>	<u>\$ 277,951</u>	<u>\$ 704,227</u>	<u>\$ 65</u>	<u>\$ 23,997</u>	<u>\$ 41,472</u>	<u>\$ 10,862,858</u>