

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
April 28, 2022

### Board of Treasury Investments

315 70<sup>th</sup> Street, SE  
Charleston WV  
25304  
(304) 340-1564  
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### Board of Directors

Riley M. Moore,  
State Treasurer,  
Chairman

James C. Justice II,  
Governor

John B. McCuskey,  
State Auditor

Vacant,  
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

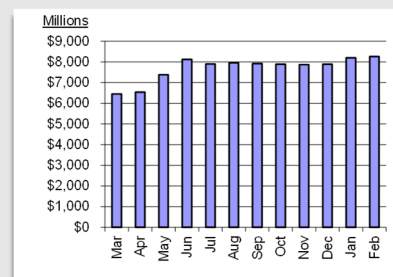
## OPERATING REPORT FEBRUARY 2022

### Total Net Assets Under Management

**\$8,262,638,000**

Last Month  
**\$8,203,729,000**

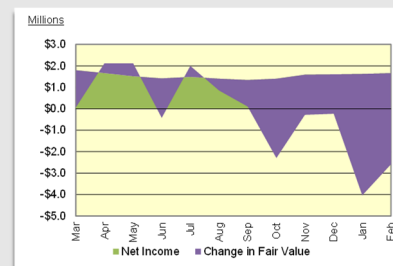
Beginning of Fiscal Year  
**\$8,119,584,000**



**Net Assets for the Past  
12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**(\$6,489,000)**



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

### Money Market Pools As of February 28, 2022

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1245%	29 Days	\$6.9 Billion
WV Gov't Money Market	0.0656%	41 Days	\$235.3 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 2022**

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#### **Ukraine Invasion Devastation**

##### **Markets Update**

Despite some positive days amidst the devastating Ukraine invasion, both stock and bond markets continued to be volatile. As noted below, except for small capitalization stocks and Treasury Inflation Protected Securities in the bond market, financial markets were negative for the month.

##### **Ukraine Update**

As a follow up to last week's memo regarding the tragic events occurring in Ukraine, perhaps the most tangible impact for global markets has been on commodity prices, especially in the energy and agriculture sectors. Oil prices have surged above \$100/barrel as we enter March and are being closely watched as higher gasoline prices are felt by U.S. consumers. Ongoing uncertainty also means continued volatility in equity markets, notwithstanding limited direct exposure to the Russian and Ukrainian economies and markets, as was noted in our previous memo (e.g., less than 1% of S&P revenues are derived from these economies and Russia represents less than 0.5% of global equity capitalization). As the military conflict continues to evolve, so too do prospects for negotiations, the rash of sanctions on Russia, and the economic, corporate and market impact.

##### **The Fed & Rates**

Despite the war in Eastern Europe and the associated uncertainty, Chairman Powell has communicated that the Federal Reserve remains undeterred in its plans to begin hiking interest rates in March. However, the probability of an initial 50 bps rate hike has declined significantly. The pace and magnitude of future rate hikes is difficult to predict, but numerous forecasters still expect to see a federal funds rate around 2% by year end. Meanwhile, the yield curve continues to flatten, with short term yields narrowing the gap with longer term yields, reflecting conviction that interest rates will rise, but less certainty in the resiliency of an economy facing uncomfortably high inflation and war abroad.

##### **Equities and Fixed Income**

February was another challenging month for risk assets, though the 3% drop in the S&P was a bit less ugly than January's 5% hit. Uncertainty and volatility remain the story for stocks. Value stocks – particularly energy stocks - continue to dramatically outperform growth stocks year-to-date. After a steep decline in January, small cap U.S. stocks managed to eke out a positive return last month, due in part to the perception that earnings for small cap companies will be less susceptible to events overseas. Bonds continue to struggle, with the broad investment grade index now down over 3% year-to-date. Rising inflation expectations last month benefitted inflation adjusted securities (TIPS), while credit risk (investment grade, high yield and emerging market bonds) had another ugly month.

# West Virginia Board of Treasury Investments

## Financial Highlights as of February 28, 2022

### WV Short Term Bond Pool

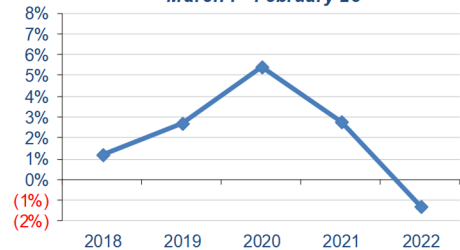
#### Rates of Return for the Past 12 Months Net of All Fees

<u>March 1 - February 28</u>	<u>Return</u>	<u>Net Assets At Feb 28 (In Millions)</u>
2022	(1.3%)	\$ 804.3
2021	2.8%	\$ 818.6
2020	5.4%	\$ 827.8
2019	2.7%	\$ 721.3
2018	1.2%	\$ 736.3

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

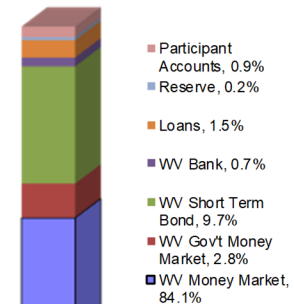
Past 12 Months  
March 1 - February 28



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

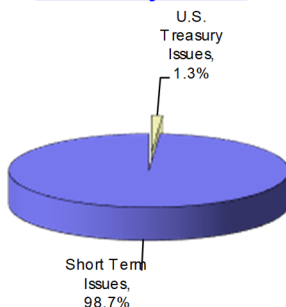
<u>Pool</u>	<u>Net Asset Value</u>	<u>Feb Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 6,949,769	\$ 670	\$ 3,736
WV Gov't Money Market	235,282	13	35
WV Short Term Bond	804,342	(3,458)	(11,861)
WV Bank	60,320	10	77
Loans	119,959	130	1,161
Reserve	19,960	1	18
Participant Accounts	73,006	39	345
	<u>\$ 8,262,638</u>	<u>\$ (2,595)</u>	<u>\$ (6,489)</u>

#### Percent of Total Net Asset Value

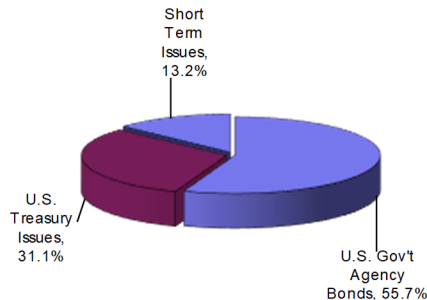


### Securities by Type for Operating Pools (Percentage of Asset Value)

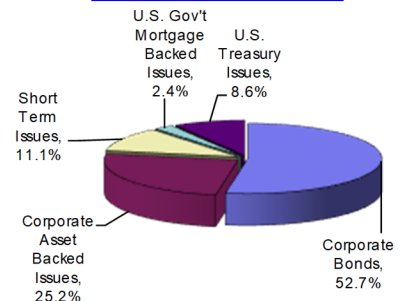
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**

**FEBRUARY 28, 2022**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>	<b>Total</b>
<b>Assets</b>							
Investments:							
At amortized cost	\$ 6,950,191	\$ 237,322	\$ -	\$ 60,288	\$ 139,788	\$ -	\$ 7,387,589
At fair value	-	-	805,909	-	-	72,826	878,735
Other assets	594	6	38,354	34	134	182	39,304
Total assets	<u>6,950,785</u>	<u>237,328</u>	<u>844,263</u>	<u>60,322</u>	<u>139,922</u>	<u>73,008</u>	<u>8,305,628</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	1,016	2,046	39,921	2	3	2	42,990
Total liabilities	<u>1,016</u>	<u>2,046</u>	<u>39,921</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>42,990</u>
<b>Net Position</b>							
Held in trust for investment pool participants	6,949,769	235,282	804,342	-	-	-	7,989,393
Held in trust for individual investment account holders	-	-	-	60,320	139,919	73,006	273,245
Total net position	<u>\$ 6,949,769</u>	<u>\$ 235,282</u>	<u>\$ 804,342</u>	<u>\$ 60,320</u>	<u>\$ 139,919</u>	<u>\$ 73,006</u>	<u>\$ 8,262,638</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 324	\$ 6	\$ 1,157	\$ 11	\$ 132	\$ 50	\$ 1,680
Net (amortization) accretion	594	15	(320)	-	-	(1)	288
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>918</u>	<u>21</u>	<u>837</u>	<u>11</u>	<u>132</u>	<u>49</u>	<u>1,968</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	249	8	47	1	1	-	306
Total investment expenses	<u>249</u>	<u>8</u>	<u>47</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>306</u>
Net investment income	669	13	790	10	131	49	1,662
Net realized gain (loss) from investments	1	-	(645)	-	-	-	(644)
Net increase (decrease) in fair value of investments	-	-	(3,603)	-	-	(10)	(3,613)
Net increase (decrease) in net position from operations	670	13	(3,458)	10	131	39	(2,595)
Participant transaction additions:							
Purchase of pool units by participants	1,061,933	21,604	-	-	-	-	1,083,537
Reinvestment of pool distributions	669	13	812	-	-	-	1,494
Contributions to individual investment accounts	-	-	-	10	2	-	12
Total participant transaction additions	<u>1,062,602</u>	<u>21,617</u>	<u>812</u>	<u>10</u>	<u>2</u>	<u>-</u>	<u>1,085,043</u>
Total additions	1,063,272	21,630	(2,646)	20	133	39	1,082,448
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	669	13	790	-	-	-	1,472
Net realized gain (loss) from investments	1	-	(645)	-	-	-	(644)
Total distributions to pool participants	<u>670</u>	<u>13</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>828</u>
Participant transaction deductions:							
Redemption of pool units by participants	988,238	30,401	3,870	-	-	-	1,022,509
Withdrawals from individual investment accounts	-	-	-	10	146	46	202
Total participant transaction deductions	<u>988,238</u>	<u>30,401</u>	<u>3,870</u>	<u>10</u>	<u>146</u>	<u>46</u>	<u>1,022,711</u>
Total deductions	<u>988,908</u>	<u>30,414</u>	<u>4,015</u>	<u>10</u>	<u>146</u>	<u>46</u>	<u>1,023,539</u>
Net increase (decrease) in net position from operations	74,364	(8,784)	(6,661)	10	(13)	(7)	58,909
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	74,364	(8,784)	(6,661)	10	(13)	(7)	58,909
Net position at beginning of period	6,875,405	244,066	811,003	60,310	139,932	73,013	8,203,729
Net position at end of period	<u>\$ 6,949,769</u>	<u>\$ 235,282</u>	<u>\$ 804,342</u>	<u>\$ 60,320</u>	<u>\$ 139,919</u>	<u>\$ 73,006</u>	<u>\$ 8,262,638</u>