

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
April 28, 2022

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

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

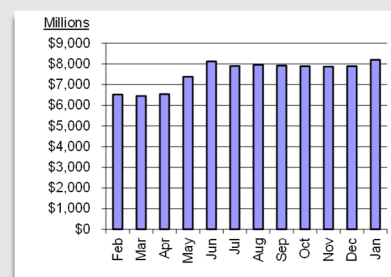
OPERATING REPORT JANUARY 2022

Total Net Assets Under Management

\$8,203,729,000

Last Month
\$7,888,815,000

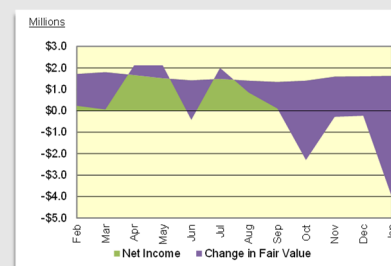
Beginning of Fiscal Year
\$8,119,584,000



**Net Assets for the Past
12 Months**

Total Net Income & Changes in Fair Value

Fiscal Year
(\$3,892,000)



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

Money Market Pools As of January 31, 2022

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1092%	36 Days	\$6.9 Billion
WV Gov't Money Market	0.0306%	39 Days	\$244.1 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

JANUARY 2022

Eyes on the Fed

Equity Markets

Stocks bounced in the final trading sessions of what was an otherwise tough and volatile month. The S&P 500 (-5.2%) turned in its worst month since the early COVID days in March 2020, and its worst January since 2009 during the global financial crisis. In the face of higher interest rates, growth stocks - and technology stocks in particular - were pummeled. The U.S. all cap growth equity index returned -8.9%, while the value variety (-2.6%) proved more defensive. Large cap stocks also outperformed mid cap (-7.4%) and small cap (-9.6%) stocks for the month. Within economic sectors of the market, all sectors were negative with the exception of Energy (+19) stocks. Approximately one-third of the Russell 2000 small cap index is comprised of unprofitable companies and the Russell 2000 Growth index (-13.4%) reminded investors of the volatility potential inherent in more speculative equity investing. Non-U.S. stocks (-4.8%) suffered marginally less than large cap U.S. peers, while the beleaguered emerging markets (-1.9%) finally provided some relative benefit for globally diversified investors.

Eyes on the Fed

The Federal Reserve will cease buying bonds in March (i.e., tapering complete), right around the time it also anticipates hiking interest rates and revealing plans to begin trimming its massive \$9 trillion balance sheet. While the magnitude of the initial rate hike and the pacing of subsequent rate hikes remains to be seen, and is naturally the subject of great debate, the days of ultra-accommodative Fed policy are behind us. Meanwhile, the yield curve continues to flatten, with short term yields higher in anticipation of rate hikes and longer term yields reflecting less certainty that the economy can withstand a prolonged period of policy tightening.

Fixed Income Markets

As was the case early in 2021, bonds have stumbled out of the gate in 2022. The -2.2% January return for the Bloomberg U.S. Aggregate core fixed income benchmark was worse than its -1.5% total return for all of 2021. Shorter maturity government bonds (-0.7%) were also in the red. In contrast to 2021, TIPS (-2.0%) and high yield (-2.7%) did little to soften the blow in January. Only leveraged loans (+0.3%), with adjustable rates, were positioned to withstand market conditions.

Looking Ahead

January was a painful month, but it was also a healthy reminder that pull-backs and corrections are a natural part of stock investing. These reversals of positive momentum are also an antidote to excessive speculation and bubbles. The economy seems to be better positioned for tighter monetary policy now than when we last embarked on a rate hiking cycle in 2015. Inflation is running hotter today, the unemployment rate is lower and the economic growth outlook for the next few quarters is arguably better. The Fed's balance sheet is also now roughly double the size it was then. It is difficult to envision bear market conditions while the economy is still growing, and large corporations are still highly profitable. Of course, these are factors that can change quickly, and central bank policy has stifled growth before. But for institutions with long time horizons and investment objectives that require risk taking, these periods create opportunities to rebalance portfolios and take advantage of more attractive valuations.

West Virginia Board of Treasury Investments

Financial Highlights as of January 31, 2022

WV Short Term Bond Pool

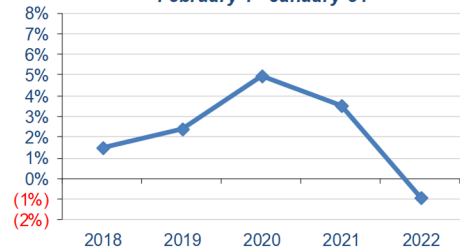
Rates of Return for the Past 12 Months Net of All Fees

February 1 - January 31	Return	Net Assets At Jan 31 (In Millions)
2022	(0.9%)	\$ 811.0
2021	3.5%	\$ 820.7
2020	5.0%	\$ 819.6
2019	2.4%	\$ 719.2
2018	1.5%	\$ 744.1

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

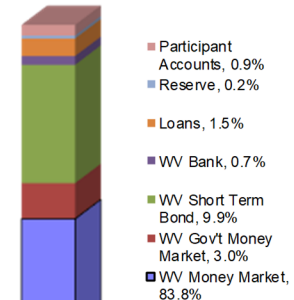
Past 12 Months
February 1 - January 31



Summary of Value and Earnings (In Thousands)

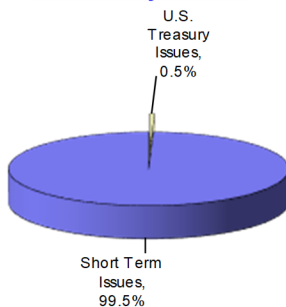
Pool	Net Asset Value	Jan Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 6,875,405	\$ 630	\$ 3,066
WV Gov't Money Market	244,066	7	22
WV Short Term Bond	811,003	(4,870)	(8,402)
WV Bank	60,310	10	67
Loans	119,973	145	1,031
Reserve	19,959	3	17
Participant Accounts	73,013	40	307
	<u>\$ 8,203,729</u>	<u>\$ (4,035)</u>	<u>\$ (3,892)</u>

Percent of Total Net Asset Value

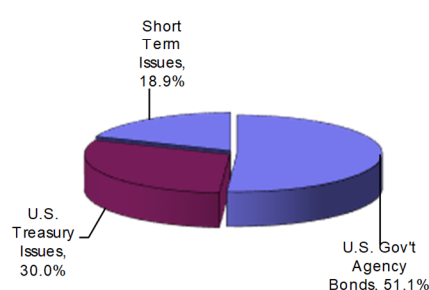


Securities by Type for Operating Pools (Percentage of Asset Value)

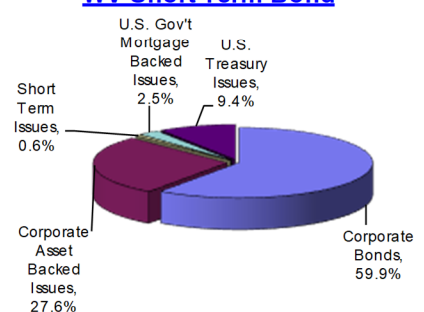
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JANUARY 31, 2022
(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	\$ 6,876,591	\$ 246,117	\$ -	\$ 60,281	\$ 139,791	\$ -	\$ 7,322,780
At fair value	-	-	809,125	-	-	72,837	881,962
Other assets	487	9	3,032	33	149	177	3,887
Total assets	<u>6,877,078</u>	<u>246,126</u>	<u>812,157</u>	<u>60,314</u>	<u>139,940</u>	<u>73,014</u>	<u>8,208,629</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,673	2,060	1,154	4	8	1	4,900
Total liabilities	<u>1,673</u>	<u>2,060</u>	<u>1,154</u>	<u>4</u>	<u>8</u>	<u>1</u>	<u>4,900</u>
Net Position							
Held in trust for investment pool participants	6,875,405	244,066	811,003	-	-	-	7,930,474
Held in trust for individual investment account holders	-	-	-	60,310	139,932	73,013	273,255
Total net position	<u>\$ 6,875,405</u>	<u>\$ 244,066</u>	<u>\$ 811,003</u>	<u>\$ 60,310</u>	<u>\$ 139,932</u>	<u>\$ 73,013</u>	<u>\$ 8,203,729</u>
Additions							
Investment income:							
Interest and dividends	\$ 271	\$ 7	\$ 1,187	\$ 11	\$ 150	\$ 56	\$ 1,682
Net (amortization) accretion	629	8	(350)	-	-	(2)	285
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>900</u>	<u>15</u>	<u>837</u>	<u>11</u>	<u>150</u>	<u>54</u>	<u>1,967</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	271	8	52	1	2	-	334
Total investment expenses	<u>271</u>	<u>8</u>	<u>52</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>334</u>
Net investment income	629	7	785	10	148	54	1,633
Net realized gain (loss) from investments	1	-	27	-	-	-	28
Net increase (decrease) in fair value of investments	-	-	(5,682)	-	-	(14)	(5,696)
Net increase (decrease) in net position from operations	630	7	(4,870)	10	148	40	(4,035)
Participant transaction additions:							
Purchase of pool units by participants	1,443,001	17,846	-	-	-	-	1,460,847
Reinvestment of pool distributions	630	6	820	-	-	-	1,456
Contributions to individual investment accounts	-	-	-	10	802	-	812
Total participant transaction additions	<u>1,443,631</u>	<u>17,852</u>	<u>820</u>	<u>10</u>	<u>802</u>	<u>-</u>	<u>1,463,115</u>
Total additions	1,444,261	17,859	(4,050)	20	950	40	1,459,080
Deductions							
Distributions to pool participants:							
Net investment income	629	7	785	-	-	-	1,421
Net realized gain (loss) from investments	1	-	27	-	-	-	28
Total distributions to pool participants	<u>630</u>	<u>7</u>	<u>812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,449</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,131,557	7,405	2,796	-	-	-	1,141,758
Withdrawals from individual investment accounts	-	-	-	10	947	-	957
Total participant transaction deductions	<u>1,131,557</u>	<u>7,405</u>	<u>2,796</u>	<u>10</u>	<u>947</u>	<u>-</u>	<u>1,142,715</u>
Total deductions	<u>1,132,187</u>	<u>7,412</u>	<u>3,608</u>	<u>10</u>	<u>947</u>	<u>-</u>	<u>1,144,164</u>
Net increase (decrease) in net position from operations	312,074	10,447	(7,658)	10	3	40	314,916
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	312,074	10,447	(7,658)	10	3	40	314,916
Net position at beginning of period	6,563,331	233,619	818,661	60,300	139,929	72,973	7,888,813
Net position at end of period	<u>\$ 6,875,405</u>	<u>\$ 244,066</u>	<u>\$ 811,003</u>	<u>\$ 60,310</u>	<u>\$ 139,932</u>	<u>\$ 73,013</u>	<u>\$ 8,203,729</u>