

WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 10 2023

OPERATING REPORT

MAY 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

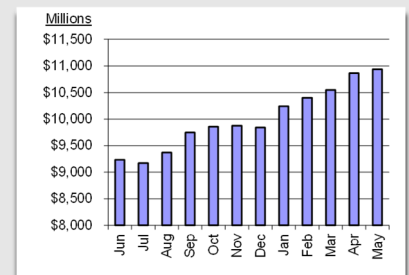
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$10,938,589,000

Last Month
\$10,862,858,000

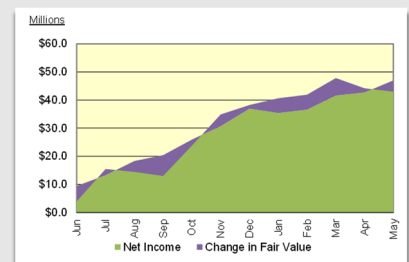
Beginning of Fiscal Year
\$9,234,695,000



**Net Assets for the Past
12 Months**

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

Fiscal Year
\$346,729,000



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

Money Market Pools

As of May 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.2127%	24 Days	\$9.8 Billion
WV Gov't Money Market	4.9711%	10 Days	\$325.7 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

MAY 2023

Debt Ceiling Concerns Dissolving

“It’s Like Déjà Vu All Over Again”

As the quirky Yogi Berra would suggest, there is a lot of ‘all over again’ going on these days. At time of writing, it appears the debt ceiling brinksmanship will once again be resolved. Equity markets are once again being driven higher by a handful of technology behemoths. Short-term bond yields are yielding more than long term bonds (i.e., still more yield inversion). While overall inflation data continues trending lower, albeit slowly, inflation in the services sectors remains sticky. Employment data remains strong, but the consumer finally appears to be tapping the brakes. As for what’s new? A brief respite from the recent banking turmoil that began in early March

Equity Markets

The S&P 500 returned 0.4% in May and is up 9.6% for the year. One look at the large cap growth (+20.8%) and large cap value (-1.4%) benchmark returns reveals that this has not been a balanced lift to the market, including in May.

But, if one were inclined to dig deeper, the charts below reveal more dichotomy. Performance for the tech heavy Nasdaq Composite (+24.1%) – comprised of stocks like the artificial intelligence darling of the moment NVIDIA (up over 150% this year) and META (up over 120%) – has completely diverged from U.S. small cap stocks (+0.0%) this year. And while the S&P 500, which is capitalization weighted, nears a double-digit year-to-date return, its equal-weighted counterpart is, at best, gasping for air.

Non-U.S. Developed equity markets were negative in May and for almost the first time since the start of the year, did not outperform the U.S. market, despite the Japanese market continuing its stellar performance. Emerging markets were also negative in the month with China and Mexico leading the declines.

Fixed Income Markets

Bonds gave back some gains during the month as yields trended higher with banking concerns ebbing. Higher yields at the short end of the curve continue to attract flows into short term fixed income strategies. The debt ceiling drama also impacted yields in the Treasury Bill market where the yield for a one-month T-Bill was over 6% intra-month. The Bloomberg Aggregate Index returned -1.1% for the month and is up 2.5% year to date. The market is still pricing a reasonable chance of a rate hike pause in June, the prospect of which dropped intermediate and longer-term yields just a bit leading into the month’s close.

Looking Ahead

With debt ceiling concerns moving to the rearview mirror, a déjà vu return to focusing on inflation data and the Fed seems apropos. The first five months of this year have only reinforced the difficulty in trying to time or predict markets over the short term. But for those in need of more predictability, higher bond yields mean more cushion in the event of more negative surprises, better return prospects if things do not change much, and plenty of upside if the tide of rising rates begins to turn.

West Virginia Board of Treasury Investments Financial Highlights as of May 31, 2023

WV Short Term Bond Pool

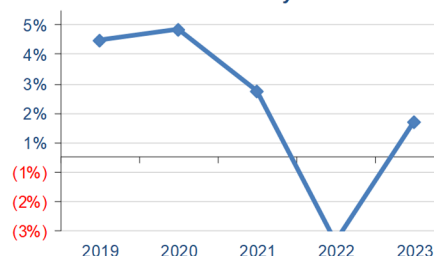
Rates of Return for the Past 12 Months *Net of All Fees*

<u>June 1 - May 31</u>	<u>Return</u>	<u>Net Assets At May 31 (In Millions)</u>
2023	1.2%	\$ 702.6
2022	(2.9%)	\$ 704.3
2021	2.3%	\$ 821.1
2020	4.4%	\$ 809.3
2019	4.0%	\$ 733.3

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

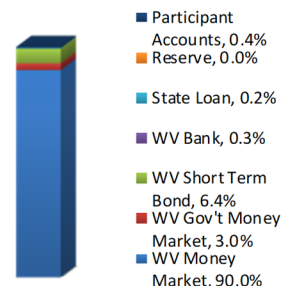
*Past 12 Months
June 1 - May 31*



Summary of Value and Earnings *(In Thousands)*

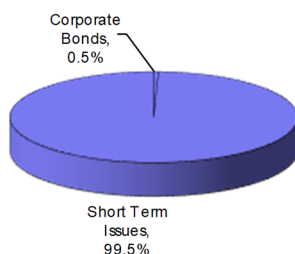
<u>Pool</u>	<u>Net Asset Value</u>	<u>May Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,844,459	\$ 43,310	\$ 323,367
WV Gov't Money Market	325,700	1,451	9,471
WV Short Term Bond	702,602	(1,842)	13,248
WV Bank	65	0	9
Loans	24,275	35	429
Reserve	0	0	73
Participant Accounts	41,488	16	132
	<u>\$ 10,938,589</u>	<u>\$ 42,970</u>	<u>\$ 346,729</u>

Percent of Total Net Asset Value

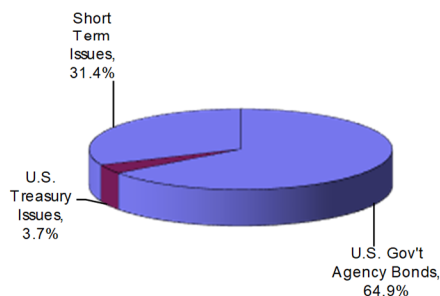


Securities by Type for Operating Pools *(Percentage of Asset Value)*

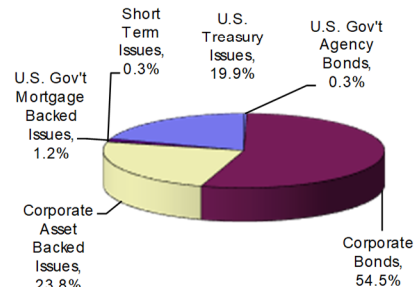
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MAY 31, 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	\$ 9,825,189	\$ 325,296	\$ -	\$ 65	\$ 24,217	\$ -	\$ 10,174,767
At fair value	-	-	699,595	-	-	41,421	741,016
Other assets	20,019	439	4,264	-	59	67	24,848
Total assets	9,845,208	325,735	703,859	65	24,276	41,488	10,940,631
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	749	35	1,257	-	1	-	2,042
Total liabilities	749	35	1,257	-	1	-	2,042
Net Position							
Held in trust for investment pool participants	9,844,459	325,700	702,602	-	-	-	10,872,761
Held in trust for individual investment account holders	-	-	-	65	24,275	41,488	65,828
Total net position	\$ 9,844,459	\$ 325,700	\$ 702,602	\$ 65	\$ 24,275	\$ 41,488	\$ 10,938,589
Additions							
Investment income:							
Interest and dividends	\$ 21,578	\$ 997	\$ 1,847	\$ -	\$ 35	\$ 18	\$ 24,475
Net (amortization) accretion	22,115	469	353	-	-	(2)	22,935
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	43,693	1,466	2,200	-	35	16	47,410
Investment expenses:							
Investment advisor, custodian bank & administrative fees	383	15	47	-	-	-	445
Total investment expenses	383	15	47	-	-	-	445
Net investment income	43,310	1,451	2,153	-	35	16	46,965
Net realized gain (loss) from investments	-	-	(988)	-	-	-	(988)
Net increase (decrease) in fair value of investments	-	-	(3,007)	-	-	-	(3,007)
Net increase (decrease) in net position from operations	43,310	1,451	(1,842)	-	35	16	42,970
Participant transaction additions:							
Purchase of pool units by participants	1,152,731	168,812	-	-	-	-	1,321,543
Reinvestment of pool distributions	43,310	1,451	1,423	-	-	-	46,184
Contributions to individual investment accounts	-	-	-	-	268	-	268
Total participant transaction additions	1,196,041	170,263	1,423	-	268	-	1,367,995
Total additions	1,239,351	171,714	(419)	-	303	16	1,410,965
Deductions							
Distributions to pool participants:							
Net investment income	43,310	1,451	2,153	-	-	-	46,914
Net realized gain (loss) from investments	-	-	(988)	-	-	-	(988)
Total distributions to pool participants	43,310	1,451	1,165	-	-	-	45,926
Participant transaction deductions:							
Redemption of pool units by participants	1,166,728	122,514	41	-	-	-	1,289,283
Withdrawals from individual investment accounts	-	-	-	-	25	-	25
Total participant transaction deductions	1,166,728	122,514	41	-	25	-	1,289,308
Total deductions	1,210,038	123,965	1,206	-	25	-	1,335,234
Net increase (decrease) in net position from operations	29,313	47,749	(1,625)	-	278	16	75,731
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	29,313	47,749	(1,625)	-	278	16	75,731
Net position at beginning of period	9,815,146	277,951	704,227	65	23,997	41,472	10,862,858
Net position at end of period	\$ 9,844,459	\$ 325,700	\$ 702,602	\$ 65	\$ 24,275	\$ 41,488	\$ 10,938,589