

| WEST VIRGINIA |

BOARD OF TREASURY INVESTMENTS

A Component Unit of the State of West Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020





Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020

A Component Unit of the State of West Virginia

James C. Justice, II
Governor

John D. Perdue, Chairman
West Virginia State Treasurer

John B. McCuskey
West Virginia State Auditor

Glenda Probst
Appointed by the Governor

Michael L. Glasser, Esquire
Attorney at Law
Appointed by the Governor

*Prepared by the Board of Treasury Investments Staff
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— | WEST VIRGINIA | —
**BOARD OF TREASURY
INVESTMENTS**
Investing Local, County and State Funds for West Virginia

October 5, 2020

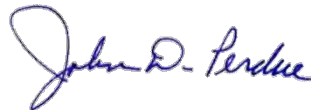
To: Members of the West Virginia Board of Treasury Investments,
Honorable Members of the Legislature,
And the Citizens of West Virginia

I am pleased to present you with the June 30, 2020, Comprehensive Annual Financial Report (“CAFR”) for the West Virginia Board of Treasury Investments (the “BTI”). The report is a review of the financial and investment conditions of the State of West Virginia’s Consolidated Fund. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. An independent certified public accounting firm has audited the basic financial statements contained in this report.

The BTI was created to oversee and manage the state’s operating funds, also known as the Consolidated Fund. Significant achievements for the year included reaffirmation of the AAAM rating by Standard & Poor’s for the WV Money Market and WV Government Money Market pools, continued outperformance of select pools versus their peer groups, and operating under budget. The CAFR demonstrates the BTI’s commitment to financial accountability and conformity to the highest standards for preparation of state and local government financial reports.

The report is designed to provide a general overview of the State of West Virginia’s Consolidated Fund investments. It was prepared by the Chief Financial Officer and staff of the BTI. These individuals are committed to providing reliable and credible information in conformity with accounting principles generally accepted in the United States of America.

Sincerely,



John D. Perdue
State Treasurer
Chairman of the Board

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ACKNOWLEDGEMENTS

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Karl V. Shanholtzer III, Chief Financial Officer
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Holly Garner, Investment Accountant
Randy Covert, Investment Accountant

We invite you to visit our web site at www.wvbt.org

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Introductory Section

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October 5, 2020

Members of the West Virginia Board of Treasury Investments

Honorable Members of the West Virginia Legislature

Participants in the State of West Virginia's Consolidated Fund

Citizens of West Virginia

Ladies and Gentlemen:

I am pleased to present you with the June 30, 2020, Comprehensive Annual Financial Report ("CAFR") for the West Virginia Board of Treasury Investments (the "BTI"). The report is a complete review of the financial status of the State of West Virginia's short-term operating funds (the "Consolidated Fund"). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. The BTI's financial statements have been audited by Brown, Edwards & Company, L.L.P. The independent audit provides reasonable assurance that the financial statements for the fiscal year ended June 30, 2020, are free of material misstatement, whether due to fraud or error. The independent audit involved performing procedures to obtain evidence about amounts and disclosures in the financial statements; comprehensive risk assessment as well as assessing the accounting principles used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the BTI's financial statements for the fiscal year ended June 30, 2020, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

Management is responsible for establishing and maintaining internal control designed to ensure that the investments of the Consolidated Fund are protected from loss, theft or misuse and that the preparation of the financial statements is in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the evaluation of costs and benefits requires estimates and judgments by management. Management of the BTI has established a comprehensive internal control framework that is designed to provide a reasonable basis for making representations concerning the finances of the BTI. Because the cost of internal control should not outweigh its benefits, the BTI's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BTI's MD&A can be found immediately following the report of the independent auditor in the Financial Section.

Profile of the West Virginia Board of Treasury Investments

The West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government.

The West Virginia State Treasurer's Office provides a full time staff for the BTI as well as various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant and one shall be an attorney, and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board. The Board was established by the Legislature to provide prudent fiscal administration, investment, and management for the short-term operating funds of the State of West Virginia.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. As of June 30, 2020, the Consolidated Fund had \$6.5 billion in total assets. The Consolidated Fund is made up of nine legally separate investment pools and accounts: three external investment pools, three special-purpose internal investment pools, and three individual investment accounts. A more detailed description of the investment pools that make up the Consolidated Fund are found in Note 1 of the Notes to the Financial Statements.

In order to properly carry out the investment policy, as described in detail in the Investment Section, the Board has hired various outside service providers. Their roles as fiduciaries are clearly identified in the investment policy to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The Board contracts with NEPC, LLC as the investment consultant. The Board requires the consultant to employ a chartered financial analyst or a certified treasury manager to work directly with the BTI. The consultant is responsible for performing investment manager evaluations, suggesting modifications to the investment policy, and performing other services requested by the Board. The Board also hires investment managers who have complete discretion over the timing, selection, and execution of investment trades. The managers are provided explicit written instructions detailing their particular duties and administer the portfolio consistent with the investment policy. The BTI currently contracts with UBS Asset Management (Americas), Federated Hermes and Sterling Capital Management as the investment managers.

In accordance with *WV State Code §12-6C-19*, the Board may charge fees, which are subtracted from the total return on investments, for the reasonable and necessary expenses incurred by the Board in rendering services. All fees collected are deposited in a special account in the State Treasury. The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool.

Investment Activities

The investment policies and strategies for the Consolidated Fund can be found in the Investment Section of this report. The policies are designed to provide safeguards on assets while optimizing return based on each fund's risk parameters.

The return information presented in the Investment Section is calculated by the BTI with the assistance of our consultant, NEPC, LLC, and the individual investment managers. The investment return calculations were prepared using a monthly time-weighted rate of return methodology.

Economic Review & Other Financial Information

The biggest story of fiscal year 2020 was the global pandemic of coronavirus disease 2019 ("COVID-19"). The outbreak of the coronavirus, which was first identified in Wuhan, China, in December 2019, spread throughout the world rapidly. On March 11, 2020, approximately three months after the appearance of COVID-19, the World Health Organization ("WHO") had declared the COVID-19 outbreak as a pandemic. In the United States, the first recorded case of the new virus was reported in Washington state on January 20, 2020. By June 30, 2020, the virus had spread to all 50 states, with nearly 2.6 million confirmed cases and over 117 thousand deaths. Worldwide, cases had grown to over 10 million, with over 500 thousand fatalities. To combat the spread of the virus, which is highly transmissible, affected countries were forced to shutdown activity and limit gatherings of people. The United States' ("U.S.") response to the growing pandemic was to limit international travel, banning travel to/from areas designated as hotspots. These bans, however, were largely ineffective, as COVID-19 had already reached the U.S. By March 2020, states began declaring public health emergencies and limiting activities. Responses to the growing pandemic varied by state, with some states instituting mandatory lockdowns and prohibitions against non-essential travel and activity and other states advising citizens to voluntarily limit activity and shelter at home. In response to the growing economic fallout, the U.S. Congress passed, and the President signed, an economic stimulus bill in March 2020. The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), contained provisions to provide loans, grants and direct aid totaling approximately \$2.2 trillion. Economic support provisions in the CARES Act included direct aid to individuals and families, temporary enhancements to unemployment benefits, loans, grants and tax relief for businesses, grants to states and local governments, and funding for hospitals for ventilators and other equipment. Even with the stimulus provided by the CARES Act, economic activity in the U.S. plunged, with U.S. GDP falling by 5% in the third quarter of fiscal year 2020. The fourth quarter of fiscal year 2020 will likely post the worst GDP growth numbers since the U.S. Bureau of Economic Analysis ("BEA") began recording GDP in 1947. The estimates for fourth quarter fiscal year 2020 were for a 30% to 40% decline in GDP. The longest economic expansion in U.S. history officially ended when the National Bureau of Economic Research declared in June 2020 that the U.S. economy had entered a recession in February 2020. Looking forward, there is a great amount of uncertainty as to what will happen in the economy.

Although the economy was showing some signs of recovery as states began easing lockdowns in late May/early June 2020, there were signs that the easing of restrictions was leading to an increase in the spread of COVID-19. The path of the economy going forward will be highly dependent on whether the pandemic has subsided to manageable levels or if infections will rise to levels that require further curtailment of activity. At the state level, economic growth began slowing during the first half of fiscal year 2020, averaging only 0.2%. Slowing activity in the construction and mining sectors were significant factors in the slowing state economy. Although the state appeared poised for slow, but steady, economic growth over the second half of the fiscal year, the arrival of the pandemic in West Virginia led to the governor of the state to institute a statewide lockdown in late March 2020. Under the governor's executive order, citizens

were advised to shelter at home and limit non-essential activities outside the home. Further restrictions were put in place as the pandemic worsened in West Virginia and the U.S. The decrease in economic activity resulting from the executive orders led to a fall in state GDP of approximately 5.0% in the third quarter of the fiscal year. Over May and June 2020, the governor instituted a phased re-opening plan that gradually lifted these restrictions. With the easing of restrictions, economic activity began slowly increasing. However, levels of growth were still expected to be below normal as the state had not fully re-opened for business.

As a result of the pandemic, the unemployment rate in the U.S began increasing in February 2020 before rocketing to record highs in April 2020. In April 2020, the unemployment rate increased by 10.3% to a record high of 14.7%. Both the over-month increase and unemployment rate were the highest ever recorded by the U.S. Bureau of Labor Statistics since it began collecting unemployment data in January 1948. At the end of April 2020, over 23 million persons in the U.S. were unemployed. The primary cause of the spike in unemployment was the pandemic and the efforts to contain it. These efforts resulted in a wide swath of the economy shutting down as people were either ordered, or encouraged, to curtail non-essential activity. The unemployment rate began to drop gradually towards the end of the fiscal year as states began easing lockdown orders and businesses began re-opening. By the end of the fiscal year, the U.S. unemployment rate had declined to 11.1%. However, by the end of June, the pandemic was showing signs of resurgence, with the seven-day average of new cases rising from approximately 21 thousand as of June 15, 2020, to almost 40 thousand as of June 29, 2020. If new cases continue to rise, this could result in a second wave of shutdowns which could cause another spike in unemployment. Employment in West Virginia followed a similar trajectory as that of the U.S. as a whole. The state began the year with a slight increase in unemployment, rising from 4.7% as of the end of fiscal year 2019 to 5.1% as of the end of the second quarter of fiscal year 2020. State unemployment dipped slightly at the beginning of the third quarter before shooting up to 15.9% by April 2020. As with the U.S., the spike in unemployment was caused by the pandemic and the government's response to slow its spread. Employment decreased in all industries, with more than a third of the losses concentrated in the leisure and hospitality sector. Unemployment dropped in May and June 2020 as the state implemented its phased re-opening plan. The state unemployment rate at the end of fiscal year 2020 stood at 10.4%.

Inflation, as measured by Core Personal Consumption and Expenditures Less Food and Energy ("Core PCE"), continued to remain below the Federal Reserve's (the "Fed's") inflation target, falling from an annual rate of 1.6% as of June 2019 to -1.1% as of June 2020. Core PCE is the preferred measure of the Fed in gauging inflation over the longer run as the Fed views it as a better measure for identifying inflation trends. Through the first half of the fiscal year, the Fed's major inflation concern was the lack of it. Inflation briefly moved up in August 2019, before drifting back down to 1.6% by December 2019. The simultaneous demand and supply shock of the pandemic dragged inflation down, resulting in the negative inflation print for June 2020. Inflation was now a distant concern for a Fed that was more focused on maintaining market stability and getting people back to work. Going forward, the Fed has hinted that it may be willing to let inflation run above target if that is what it takes to restore employment and the economy.

At the end of fiscal year 2019, the President and Congress had been far apart on an agreement regarding the debt ceiling. With the U.S. Treasury Department projected to run out of borrowing capacity in the early fall of 2019, yields on Treasury bills maturing in September and October of 2019 were elevated. Congress and the President were able to strike a deal in late July 2019, reaching a two-year debt ceiling and budget agreement. Under the terms of the deal, the debt ceiling was suspended through July 21, 2021, effectively eliminating the prospect of another debt ceiling debate until after the 2020 election cycle.

At June 30, 2019, the markets had fully priced in a 25-basis point rate cut at the July 2019 meeting, with expectations of two additional cuts in the last quarter of 2019. The Fed delivered the first rate cut of the

fiscal year in July 2019 with the Federal Open Market Committee (the “FOMC”), cutting the Fed’s benchmark rate to a range of 2.00% to 2.25%. This cut was the first cut in rates since the Fed began raising rates from the zero bound in December 2015. Almost immediately after the July meeting, the President escalated his continuing trade war with China, announcing additional tariffs on Chinese imports. Although the President backed off somewhat, trade policy uncertainty and a high level of tension was taking its toll on business confidence. Further negative news arrived in August 2019, in the form of a negative revision to the Bureau of Labor Statics (the “BLS”) non-farm payroll estimates. The result of the revision was to remove approximately 501 thousand jobs from the estimate for the twelve-month period ending March 2019. This revision meant that job growth over fiscal year 2019 was not as strong as originally believed. Additionally, falling rates around the world suggested that U.S. monetary policy was becoming tighter. August 2019 employment data further made the case for a September rate cut when the data revealed a slowing labor market with job growth missing consensus forecasts. The FOMC lowered rates at the mid-September meeting, cutting the fed funds rate to a range of 1.75% to 2.00%. The rate cut occurred against a backdrop of significant volatility in money markets. On September 17, 2019, the general collateral repo rate jumped substantially, rising from around 2% to over 10%. Pressures in the repo market also caused short-term rates to spike, with the secured overnight funding rate (“SOFR”) and the effective federal funds rate (“EFFR”) moving higher. SOFR increased from 2.43% to over 5% and the EFFR breached the upper limit of the Fed’s target range, coming in at 2.3%. In response to the diminished liquidity in the money markets, the Fed announced that it would enter the repo markets to inject up to \$50 billion in liquidity. The Fed further expanded its intervention the following day, upping the amount to \$75 billion. The likely cause of the liquidity shortage was identified as the confluence of the withdrawal of cash from the banks and money market funds for payment of quarterly corporate taxes at the same time the markets were financing the settlement of \$54 billion in long-term Treasury debt. The combined effect of these two events was to drain approximately \$120 billion from the markets over two days. Also contributing to the liquidity squeeze were the declining levels of reserves due to the Fed’s balance sheet normalization program. The repo market interventions were successful in stabilizing the markets. To ensure continued market operation, the Fed announced that it would extend the overnight and term repo operations through at least January 2020. The Fed also announced that they would resume the purchase of Treasury securities through the second quarter of calendar year 2020 at a pace of \$60 billion per month. October 2019 continued the string of softening economic data, with the Institute for Supply Management’s (“ISM’s”) manufacturing report indicating that economic activity in the manufacturing sector was in contraction. The Fed ended up cutting rates another quarter point at their October 2019 meeting to a range of 1.50% to 1.75%. The post-meeting messaging from the Fed indicated that they were pausing rate cuts, absent a fresh deterioration in the economic outlook. The Fed would not act on rates again until March 2020, when they instituted two emergency rate cuts in response to the spreading economic fallout and market instability resulting from the growing COVID-19 pandemic. At an early March 2020 emergency meeting, the Fed cut rates by 50 basis points. Developing instability in credit markets forced the Fed to call another emergency meeting and act again during the month. On March 15, 2020, the Fed called an emergency meeting and cut the fed funds rate to a range of 0.00% to 0.25%. In addition to the rate cut, the Fed announced several other actions to stabilize markets: a commitment to holding rates near zero until the Fed was confident the economy was on track to recover from the pandemic induced economic shock, a quantitative easing program that would purchase \$500 billion in Treasuries and \$200 billion in mortgage-backed securities, a cut of the discount window rate to 0.25%, and an intraday credit program for banks. The Fed also eased regulatory restrictions, eliminating reserve requirements and providing guidance to banks to use their liquidity and capital buffers to lend to households and firms. Over the remainder of the fiscal year, the Fed continued adding to their market support programs, introducing programs to lend directly to businesses, programs for the purchase of commercial paper, corporate debt and municipal securities, a credit facility for primary dealers, a term asset-backed securities loan facility, and expanded currency swap lines. The unprecedented support offered by the Fed was able to stabilize credit markets and significantly ease market conditions. As of June 30, 2020, the expectation is that the Fed will maintain rates at zero over the next year and that the Fed is ready and willing to do whatever it takes to maintain the flow of credit and keep markets stable.

Treasury yields ended fiscal year 2020 at a small fraction of the fiscal year-end 2019 yields, primarily as a result of the Fed's actions to shore up credit markets and soften the economic blow of the COVID-19 pandemic. Average bill yields over the fiscal year dropped between 100 to 150 basis points below the average for fiscal year 2019. The bill curve, which had inverted by the end of fiscal year 2019, remained inverted to flat through early March 2020. The Fed's response in March to market dislocations caused by the pandemic, and their actions throughout the remainder of the fiscal year, brought Treasury yields to some of the lowest levels on record. By the end of the fiscal year, the yield curve was essentially flat, with yields ranging from 0.13% for 1-month T-bills to 0.18% for 3-year T-notes. After starting the year at 2.03%, the yield on the 10-year note bottomed out at an all-time record low of 0.38% in March 2020. The yield on the 10-year note ended fiscal year at 0.66%, down 137 basis points from fiscal year-end 2019.

Performance of the WV Money Market and WV Government Money Market Pools was significantly lower than fiscal year 2019. Respectively, the pools reported net-of-all-fees performance of 1.69% and 1.44% for fiscal year 2020. For the WV Money Market Pool, the 2020 return fell 79 basis points short of the fiscal year 2019 return of 2.43%. The West Virginia Government Money Market Pool underperformed its fiscal year 2019 return of 2.2% by 76 basis points. The decline in return was the result of the aggressive action by the Fed in response to the COVID-19 pandemic. The West Virginia Short Term Bond Pool's performance, net of all fees, for fiscal year 2020 was similar to fiscal year 2019's performance, coming in at 4.50% for fiscal year 2020 versus fiscal year 2019's return of 4.54%. Performance in the pool through February 2020 was ahead of the pool's performance over the same time period in the last fiscal year. However, the pool significantly underperformed in March 2020 as credit spreads blew out, turning in a one month return of -1.56% and a fiscal-year-to-date return of 1.36%. As a reference point, the pool's benchmark, the ICE BofAML 1-3 Year US Corporate Index plus 10 basis points, had a one-month return of 0.26% and a fiscal-year-to-date return of 3.00%. The pool's investment manager was able to take advantage of the spread widening and market dislocations over March and April 2020, picking up high-quality corporate and municipal issues at very attractive pricing. This positioned the pool to perform well over the last quarter of the fiscal year as credit spreads tightened and liquidity eased in response to the Fed's actions in the credit markets. By fiscal year end, the outperformance of corporate, municipal and asset-backed securities made up all of the performance lost in March 2020.

Major Initiatives

- *Standard and Poor's AAAM Rating*

For the twelfth consecutive year, Standard and Poor's re-affirmed the BTI's AAAM rating on the WV Money Market and WV Government Money Market Pools. Funds with Principal Stability Fund ratings ("PSFRs"), such as the BTI, seek to maintain a stable net asset value. The PSFR rating is the highest money market rating assigned by Standard and Poor's. For a fund to be eligible for an investment-grade rating, all investments must carry a Standard & Poor's short-term rating of A-1+ or A-1.

The AAAM rating is based on Standard and Poor's analysis of the fund's credit quality, investment policies, market price exposure, and conservative management. The rating signifies that the safety of the invested principal is excellent, and that there is superior capacity to maintain a stable net asset value at all times. This is achieved through conservative investment practices and strict internal controls.

- *Certificate of Achievement for Excellence in Financial Reporting*

The BTI received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the June 30, 2019 Comprehensive Annual Financial Report ("CAFR"). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial

reporting, and its attainment represents a significant accomplishment. This is the fourteenth consecutive year that the BTI has received this prestigious award.

- *Budget Surplus*

For fiscal year 2020, the BTI cut the administrative fee to 1.6 basis points. Because of conservative management of expenditures, the BTI ended the year with a budget surplus of \$412,000. With this surplus, the BTI operated in surplus territory for the fifteenth consecutive year.

- *Peer Group Benchmark*

NEPC, the BTI's investment consultant, maintains a peer group benchmark for the WV Money Market and WV Government Money Market Pools. The benchmark for the WV Money Market Pool is composed of a universe of tier 1 institutional money market funds, while the benchmark for the WV Government Money Market Pool comprises Treasury and Agency focused government money market funds.

The WV Money Market Pool peer group includes 220 discrete tier 1 funds comprising \$777.6 billion in assets. The Pool ranked first out of the 308 funds for the 1-year, 3-year and 5-year periods ending June 30, 2020. This high ranking was attributed to the low effective investment management fee paid to the Pool's investment managers. For the year ended June 30, 2020, the effective investment management fee was 2.94 basis points.

The WV Government Money Market Pool peer group comprises 507 discrete Treasury and Agency focused government funds totaling \$3.5 trillion in assets. The performance of the Pool ranked first in the 5-year time period ending June 30, 2020. Over the 1-year and 3-year periods the Pool was ranked second. As with the WV Money Market Pool, this high ranking versus the peer group was attributed to the favorable investment management fee schedule. For the year ended June 30, 2020, the effective investment management fee was 3.28 basis points.

- *Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the BTI for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We wish to express our appreciation to many individuals whose dedicated efforts have made this report possible. BTI's success would not be possible without the support and leadership of the Board members, the Legislature, the participants, and the citizens of West Virginia. The BTI's staff, NEPC, LLC Investment Consulting, UBS Asset Management (Americas), Sterling Capital Management, and Federated Hermes provided diligent and dedicated service in building the BTI as a professional investment organization for the investment of short-term state funds.

Respectfully, I hereby submit the Comprehensive Annual Financial Report of the West Virginia Board of Treasury Investments for the Year Ended June 30, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karl V. Shanholtzer III', with a stylized flourish at the end.

Karl V. Shanholtzer III, CFA, CPA
Chief Financial Officer
West Virginia Board of Treasury Investments



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

West Virginia Board of Treasury Investments

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

PRINCIPAL OFFICIALS



John D. Perdue
WV State Treasurer
Chairman



James C. Justice, II
Governor, State of WV
Vice Chairman



John B. McCuskey
WV State Auditor
Director



Glenda Probst
Director

Photo
Not
Available

Michael L. Glasser
Director

INVESTMENT PHILOSOPHY

The Board was established by the legislature to provide prudent fiscal administration, investment, and management for the Consolidated Fund. It is the investment philosophy of the Board to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity.

OBJECTIVES

All assets shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk, in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participant investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with State law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.
- Realized gains and losses are recognized by the Funds as they occur.

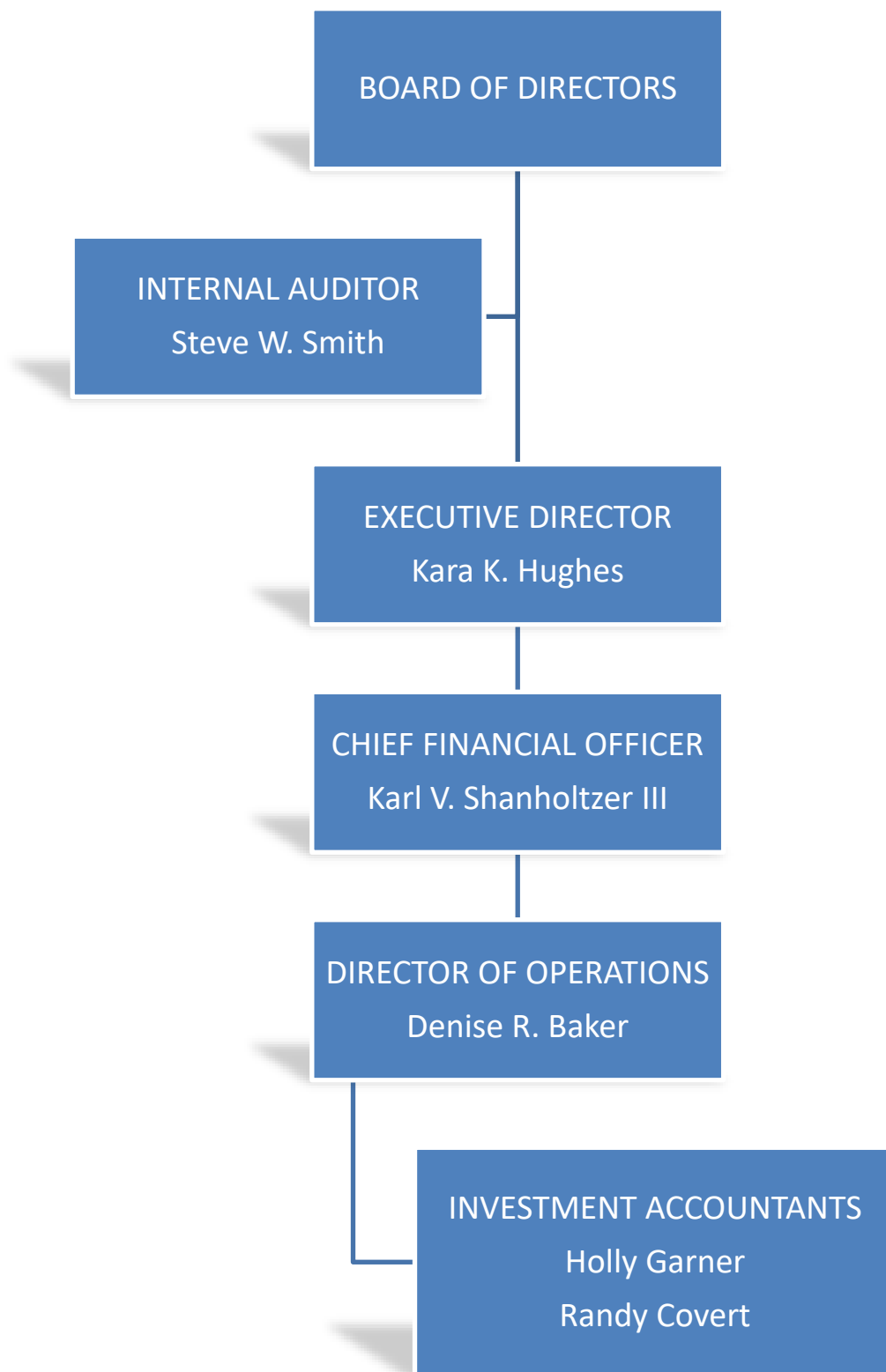
WEST VIRGINIA
**BOARD OF TREASURY
INVESTMENTS**

MISSION STATEMENT

The Board of Treasury Investments' mission is to prudently invest the funds under its charge, for the benefit of its Shareholders, their constituents and citizens, and to achieve the best return possible for them, by providing focused investment management services, and utilizing financial professionals for the sound administration and oversight of its investment processes.



The BTI staff (from left to right) is Kara Hughes, Steve Smith, Karl Shanholtzer, Holly Garner, Randy Covert and Denise Baker.



**CONSULTING AND PROFESSIONAL SERVICES
AS OF JUNE 30, 2020**

INDEPENDENT AUDITOR

Brown, Edwards & Company, L.L.P.
Charleston, West Virginia

LEGAL COUNSEL

West Virginia State Treasurer's Office
Charleston, West Virginia

INVESTMENT SYSTEM

State Street Global Exchange
Princeton, New Jersey

MASTER CUSTODIAN

BNY Mellon
Pittsburgh, Pennsylvania

INVESTMENT CONSULTANT AND PERFORMANCE MEASUREMENT

NEPC, LLC Investment Consultants
Atlanta, Georgia

INVESTMENT MANAGERS

Federated Hermes
Pittsburgh, Pennsylvania

Sterling Capital Management
Charlotte, North Carolina

UBS Asset Management (Americas)
Chicago, Illinois

The Schedule of Investment and Management Fees is on Page 93 in the Investment Section of this report.

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the
West Virginia Board of Treasury Investments
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the combined fiduciary funds of the West Virginia Board of Treasury Investments (the "BTI"), a component unit of the State of West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the BTI's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the combined fiduciary funds of the BTI, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BTI's basic financial statements. The introductory section, combining and individual fund financial statements, the schedule of investments in securities, and the investment and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of investments in securities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of investments in securities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
August 24, 2020

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West Virginia Board of Treasury Investments

Management's Discussion and Analysis

June 30, 2020

As management of the West Virginia Board of Treasury Investments (the "BTI"), we offer readers of the financial statements of the BTI this discussion and analysis of the BTI's financial performance for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in this section in conjunction with the BTI's financial statements, including notes to the financial statements, which follow this section.

The BTI serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, local governments such as cities and counties, and other political subdivisions throughout the State. The various investment pools and individual investment accounts managed by the BTI are collectively known as the Consolidated Fund. The Consolidated Fund's investment pools and accounts contain short-term fixed income instruments that are managed for the sole benefit of the participants.

Financial Highlights

Fiscal year 2020 was a challenging year as the the State of West Virginia dealt with the economic impact of the global coronavirus pandemic. Through the first half of the fiscal year, general revenue tax receipts were only slightly behind estimates, falling approximately \$33 million under projections. The primary causes for the shortfall were decreases in personal income tax collections and severance taxes. Slowing activity in the construction and mining sectors were likely responsible for the drop in personal income tax receipts and a major contributor to the decline in severance tax receipts. Offsetting these shortfalls were increases in business and occupation tax receipts and corporate net income tax receipts. Revenue collections picked up in the third quarter of the fiscal year, closing the gap between projected and actual receipts, with collections falling only \$6.4 million short of estimates. The remainder of the fiscal year saw a significant decrease in revenue collections as the global coronavirus pandemic wreaked havoc in West Virginia's economy. To slow the spread of the coronavirus, the Governor ordered many activities shutdown in March 2020 and encouraged individuals to limit non-essential travel and activities. The slowdown that resulted from the shutdown, along with a pull-back on spending by consumers, resulted in a significant drop in state and local government revenues. Adding to the fourth quarter collection shortfall was an executive order from the Governor deferring taxes due on April 15, 2020 until July 15, 2020. By the end of the fiscal year, total general revenue collections were below estimates by approximately \$198.8 million for the year. Even with tax receipts falling substantially below estimates, the BTI managed to post an all-time record of assets under management during the fiscal year. The increase in assets was the result of two large deposits into the WV Money Market Pool during the year: \$746 million in proceeds from a bond issuance in December 2019 and \$1.25 billion in federal coronavirus relief funds received in April 2020. With these deposits, assets under management topped \$7 billion at the end of April 2020. Assets under management declined over the last two months of the fiscal year and the BTI ended the fiscal year at approximately \$6.5 billion. BTI management expects that assets under management will fall significantly in fiscal year 2021 as the coronavirus relief funds are spent down and the Division of Highways continues to spend down the balance of bond proceeds invested with the BTI. BTI management also expects that the economic fallout from the coronavirus will result in other state and local government participant balances falling as these entities may have less available funds to invest and may draw against invested funds to make up shortfalls in revenue collections.

Rates of return, net of advisor fees, for the Consolidated Fund's WV Money Market, WV Government Money Market, and WV Short Term Bond Pools were 1.71%, 1.47%, and 4.53%, respectively, for the year ended June 30, 2020. The decline in pool returns was primarily driven by the economic disruptions caused by the global COVID-19 pandemic and the Federal Reserve's (the "Fed's") unprecedented actions to stabilize credit markets and soften the economic blow from the pandemic. Although softening economic activity in the United State and abroad had prompted the Fed to cut rates three times over the first half of fiscal year 2020, the economic shock of the global pandemic had a far more dramatic impact on pool yields for the fiscal year. During the second half of fiscal year 2020, the severe negative reaction in risk markets to the cascading economic shutdowns and high levels of uncertainty regarding the extent of the disruption led to the U.S. government implementing drastic monetary and fiscal stimulus programs. In March 2020, Congress passed, and the President signed, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The CARES Act was designed to provide direct aid to individuals, families and businesses, increase unemployment benefits, provide loans, grants and tax relief to businesses to incentivize them to limit layoffs, provide monetary support to state and local governments to combat the pandemic and provide financial support to health care providers to treat COVID-19 patients. The unprecedented size of the \$2.2 trillion price tag of the CARES Act equaled approximately 10% of U.S. gross domestic product ("GDP"). In addition to fiscal stimulus, the CARES Act contained several other provisions to provide temporary relief to those affected by the economic fallout from the COVID-19 pandemic. These provisions included deferral of loan and interest payments on student loans, a moratorium on evictions and foreclosures for certain renters and homeowners, and a requirement that all private insurance plans cover COVID-19 tests, treatments, and vaccines. The Fed, leveraging the experience gained during the Great Financial Crisis ("GFC"), moved quickly and decisively in March 2020 to support the markets and the economy. The Fed began by cutting rates 50 basis points at an early March 2020 meeting. As the aggressive rate cut failed to ease conditions, the Fed called another emergency meeting and cut rates to near zero. In addition to the rate cut, the Fed moved forcefully to supply the market with much needed liquidity, expanding their balance sheet from approximately \$4 trillion to over \$7 trillion. To put this in perspective, the Fed grew their balance sheet to a peak of \$4.5 trillion in response to the GFC. The Fed also resurrected several GFC programs, such as the Commercial Paper Funding Facility ("CPFF"), Term Asset-Backed Securities Loan Facility ("TALF"), and Primary Dealer Credit Facility ("PDCF"), to deal with specific issues in the credit markets. The Fed also implemented several new programs, including the Money Market Mutual Fund Lending Facility ("MMLF"), Primary Market Corporate Credit Facility ("PMCCF"), the Secondary Market Corporate Credit Facility ("SMCCF") and the Main Street Business Lending Program. The Fed left almost no letter of the alphabet unused in the creation of various programs to supply liquidity and maintain market functionality. In addition to the direct relief to the markets, the Fed also provided regulatory relief to allow commercial banks to use portions of their regulatory capital reserves to lend to businesses and households affected by the pandemic. For all but the largest banking organizations, the Fed reduced the reserve requirements to zero to increase the amount of lendable funds available in the market. In April 2020, the Fed signaled that they were prepared to expand their balance sheet indefinitely to stem any long-lasting damage to the U.S. economy. The Fed also expanded their support of credit markets in announcing \$500 billion in loans to municipalities, an increase of \$850 billion in the short-term credit lending facilities established in March 2020, and a program to purchase investment-grade private sector corporate debt and high-yield debt of corporations that had been rated investment-grade as of March 15, 2020. The implementation, and in some cases the mere announcement, of these programs and facilities helped to restore a semblance of calm in the credit markets. Although the BTI was not eligible to participate in any of the Fed's facilities and programs, it did receive indirect benefits from their implementation. In the money market space, the MMLF created in March 2020 provided the biggest support to the BTI's stable dollar funds. The MMLF allowed prime money market funds to sell back paper to broker dealers at the funds' amortized cost. This facility was critical as prime money market funds were experiencing heavy outflows at a time when security prices were depressed. This facility helped to improve liquidity in the money markets as dealers were more confident to bid in the secondary market. In the markets for longer-dated securities, performance of corporate debt fell from fiscal year 2019 levels as credit spreads widened significantly in the second half of the fiscal year. Credit spreads, as represented by ICE BofA US Corporate Index Option-Adjusted Spread, blew out in March 2020, rising by nearly 280 basis points. In response to

the market stabilization efforts of the Fed, credit spreads fell through the remainder of the fiscal year, ending the year approximately 38 basis points higher than the beginning of fiscal year levels. Treasury yields ended the fiscal year down substantially from fiscal year-end 2019 levels, primarily because of the Fed's rate actions and the high level of demand for safe-haven investments. The movements in credit spreads and actions of the Fed were responsible for lower levels of performance over fiscal year 2020.

The WV Money Market Pool is structured as a money market fund with the goal of preservation of principal. The benchmark for the WV Money Market Pool was a blended benchmark composed of fifteen percent of the iMoneyNet Treasury & Repo Institutional Average plus eighty-five percent of the iMoneyNet First Tier Institutional Average. Returns, net of advisor fees, in the WV Money Market Pool fell from prior year levels, dropping from 2.47% for fiscal year 2019 to 1.71% for fiscal year 2020. The largest factor in the decrease in performance in fiscal year 2020 was the series of rate cuts and actions by the Fed discussed previously. The annual return masks how far yields had fallen as of fiscal year end, as the annualized daily gross yield at end of fiscal year 2019 was 2.52% versus only 0.54% as of June 30, 2020. Even with the wild swings in the market over the past fiscal year, the pool's investment managers continued to meet the pool's primary investment objective of safety and liquidity. With market liquidity in short supply in March 2020 for any security not issued by the U.S. Treasury, the pool's investment managers closely monitored credit exposure in the pool and began focusing on increasing overnight liquidity. The managers increased allocations to Treasury securities, especially over the last quarter of the fiscal year as Treasuries were offering attractive yields relative to overnight repo and other weekly liquidity eligible assets. With a great deal of uncertainty heading into the new fiscal year, the pool's managers will likely continue to maintain the WAM of the pool in the 30 to 40-day range.

The WV Government Money Market Pool's objective is to preserve capital and maintain sufficient liquidity to meet the daily disbursement requirements of participants, while earning a return above inflation. The benchmark for the WV Government Money Market Pool is a blended benchmark composed of fifteen percent of the iMoneyNet Treasury & Repo Institutional Average plus eighty-five percent of the iMoneyNet Government & Agencies Institutional Average. Returns for the WV Government Money Market Pool were lower than the previous fiscal year, with the pool return, net of advisor fees, decreasing from 2.25% in fiscal year 2019 to 1.47% for fiscal year 2020. As with the WV Money Market Pool, the annual return masks the severe decline in yields that occurred over the last few months of the fiscal year. The annualized gross daily yield began the fiscal year at 2.34% and ended the fiscal year over 200 basis points lower at 0.33%. Over the last four months of the fiscal year, the pool's manager extended the portfolio WAM as the flight to quality unfolded and Treasury bill and agency yields collapsed. The portfolio WAM was raised to the 50-day range, with longer Treasuries added to the portfolio to gain duration exposure. The manager also added longer-dated agency floaters where yields were attractive. Going forward, the manager will continue to maintain the longer WAM for the pool.

The WV Short Term Bond Pool is structured as a mutual fund with the objective of asset growth rather than current income. The benchmark for the WV Short Term Bond Pool is the ICE BofAML 1-3 Year US Corporate & Government Index plus 10 basis points. Fiscal year 2020 net-of-advisor-fee returns were similar to fiscal year 2019 returns, falling slightly from 4.58% for fiscal year 2019 to 4.52% for fiscal year 2020. Although the portfolio return dropped only 6 basis points year-over-year, the return was very volatile over fiscal year 2020 as the markets saw some of the most dramatic moves on record. Over the first half of the fiscal year, the pool was ahead of its benchmark by 25 basis points and beating the performance of the same time period from fiscal year 2019 by almost 39 basis points. Corporate spreads had continued to drift lower, falling approximately 20 basis points from beginning of fiscal year levels. The strong performance of corporate bonds led to market values of positions exceeding the manager's estimated intrinsic value, prompting them to reduce their overweight to corporate bonds. The portfolio manager, Sterling Capital Management ("Sterling"), reduced exposure to REIT issuers and issuers from more cyclical sectors such as energy and autos, as well as trimming exposure to BBB-rated issuers. With falling rates leading to a wave of refundings in the municipal markets, cash from the liquidation of corporate debt was re-deployed into highly rated taxable municipal issues. As the COVID-19 pandemic unfolded over the first

three months of the calendar year 2020, credit spreads widened considerably resulting in the pool posting its worst quarterly performance in almost nine years. However, the market dislocations also provided significant buying opportunities for the pool's manager. With yields in corporate, securitized and municipal securities reflecting deeply discounted, and even distressed levels, the manager began adding positions in names that were likely to weather the economic downturn well. Securities from strong issuers, such as JPMorgan Chase and Toyota were purchased at spreads-to-Treasuries of 245 to 260 basis points. High-quality municipal issues were also added as municipal bond funds were liquidating positions practically at fire sale prices to meet massive redemptions in March 2020. These trades positioned the pool to take advantage of the spread tightening that occurred over the last quarter of the fiscal year as the Fed stepped in heavily to shore up credit markets and the economy. Over the last quarter of fiscal year 2020, the pool turned in its best quarterly performance in over a decade, turning in an un-annualized net-of-manager fee return of 3.09%. Going forward, Sterling will look to lengthen the pool's duration from 1.7 years to 1.8 to 1.9 years. With the Fed indicating that it will hold rates near zero until at least 2021, the manager has no concerns in managing the pool at a higher duration level. The pool will also continue to be managed with an overweight to corporate bonds and securitized products as the Fed has committed to doing whatever it takes to maintain credit market functionality. However, with all the economic uncertainty present at fiscal year end, the pool's manager is expecting higher levels of volatility over the next fiscal year.

Overview of the Financial Statements

This report presents the operating results and financial position of the BTI, which is composed of a proprietary fund and fiduciary fund. The proprietary fund is an internal service fund, or operating fund, used to account for activities that provide investment and administrative services on behalf of the State and other participants in the Consolidated Fund. The fiduciary fund is used to account for the activities of the Consolidated Fund, which is made up of nine legally separate investment pools and accounts. There are three external investment pools, three special-purpose internal investment pools, and three individual investment accounts, all of which are included in the fiduciary fund. The BTI is the trustee, or fiduciary, for participants in the Consolidated Fund. Financial statements for the proprietary fund and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities.

The Statement of Net Position presents information on the proprietary fund's assets and liabilities, with the difference between the two reported as net position. This statement is categorized into current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement's date.

The Statement of Revenues, Expenses and Changes in Net Position reflects the operating and non-operating revenues and expenses of the proprietary fund for the operating year. Operating revenues primarily consist of investment service fees charged to the Consolidated Fund with significant operating expenses composed of salaries and benefits, investment advisor fees, investment management system expenses, professional service fees, and fiduciary bond fees.

The Statement of Cash Flows reflects the proprietary fund's cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The Statement of Fiduciary Net Position presents information on the fiduciary fund's assets and liabilities, with the difference between the two reported as net position held in trust for investment pool participants and individual investment account holders.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the fiduciary fund for the year. Additions are composed of investment income, such as interest, dividends, and accretion; investment expenses such as investment advisor fees, custodian bank fees, administrative fees; and purchases of pool units, reinvestments of pool distributions, and contributions to individual investment accounts. Deductions represent distributions to pool participants, redemption of units by pool participants, and withdrawals from individual investment accounts.

The State of West Virginia reports the proprietary fund as an internal service fund in its Comprehensive Annual Financial Report ("CAFR"). An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments, on a cost-reimbursement basis. The State reports the portions of the Consolidated Fund pools and accounts held by state agencies and component units as investment holdings of those entities within the appropriate fund reporting categories for those entities. The State reports the portions of the Consolidated Fund held by local governments, municipalities, and other political subdivisions as investment trust funds, a type of fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity, and those resources are not available to support operations of that entity.

Financial Analysis of the Operating Fund

Net position. The following is the condensed Statements of Net Position of the proprietary fund, which represents the assets, liabilities, and net position generated by the operating activities of the BTI, as of June 30, 2020 and 2019 (in thousands).

	2020	2019
Current assets	\$ 1,958	\$ 2,028
Noncurrent assets	6	5
Total assets	1,964	2,033
Current liabilities	665	577
Total liabilities	665	577
Net position:		
Net investment in capital assets	6	5
Unrestricted	1,293	1,451
Total net position	\$ 1,299	\$ 1,456

The net position of the Operating Fund decreased by \$157,000 during fiscal year 2020. The decrease in net position was the result of a decrease in current assets of \$70,000 and an increase in current liabilities of \$88,000. Noncurrent assets increased by \$1,000 during fiscal year 2020.

The majority of the proprietary fund's net position consists of current assets. Current assets are composed of cash and accounts receivable that will be used to pay investment advisor, custodian, and administrative costs. The current asset balance of \$1,958,000 comprises \$1,093,000 in cash and \$865,000 in accounts receivable. The cash balance decreased from fiscal year 2019 by \$303,000 while the accounts receivable balance increased to \$233,000 at the end of fiscal year 2020.

The decrease in the cash balance was the result of a net operating loss of \$157,000. Contributing to the decrease in cash was an increase in receivables and payables balances. The changes in receivables and payables are more fully discussed below.

The accounts receivable balance of \$865,000 represents fees that have been accrued but not withdrawn from the investment pools at June 30, 2020 to pay investment advisor, custodian, and administrative costs. In accordance with *WV State Code §12-6C-19*, the Board may charge fees to the pools for reasonable and necessary expenses incurred for rendering services. The fees charged to the pools are categorized into direct expenses (investment advisor and custodian fees) and indirect expenses (administrative costs). As part of the BTI operations, administrative and custodial fees accrued in the investment pools are periodically transferred from the pools to the BTI's operating fund to pay for all necessary and reasonable expenses. Investment advisor and custodial fees are accrued daily or monthly and transferred to the operating fund to coincide with the receipt of advisor and custodial invoices. The periodic nature of these transfers results in the accounts receivable balance. Accounts receivable increased by \$234,000 over the fiscal year-end 2019 balance. This increase was composed of an increase in administrative fees receivable of \$134,000, an increase in advisor fees receivable of \$98,000, an increase in custodian fees receivable of \$1,000, and an increase in consultant fees receivable of \$1,000. The increases in administrative fees was the result of administrative fees for April and May 2020 not being transferred from the investment pools to the operating fund before fiscal year end. At the end of fiscal year 2019, only one month of administrative fees were receivable versus three months of administrative fees at the end of fiscal year 2020. The increase in advisor fees receivable resulted from the higher level of assets under management at the end of fiscal year 2020 as compared to fiscal year-end 2019. With respect to custodian fees receivable, the increase in the receivable was the result of the increase in assets under management at the end of fiscal year 2020 as compared to fiscal year-end 2019. Consultant fees receivable increased year-over-year as a result of a fee increase for the 2020-21 contract renewal.

Capital assets, net of accumulated depreciation, did not substantially change during the year. A new copier that cost \$5,000 was purchased during the fiscal year. This increase in capital assets was offset by annual depreciation of \$4,000. During fiscal year 2020, computer equipment totaling \$6,000 was retired. The retired computer equipment had been fully depreciated in prior fiscal years.

The balance of \$665,000 in current liabilities represents \$601,000 in accounts payable and \$64,000 of reimbursements due to the West Virginia State Treasurer's Office (the "STO") at June 30, 2020. Current liabilities increased by \$88,000 as compared to the fiscal year-end 2019 balance. The net increase in current liabilities was composed of an increase of \$97,000 in accounts payable and a decrease of \$9,000 in reimbursements due to the STO. The majority of the accounts payable balance represents amounts due for services received from the BTI's investment advisors for the quarter ending June 30, 2020, custodian fees for June 2020, investment consultant fees for the quarter ending June 30, 2020, and maintenance costs for the investment management system for June 2020. The net increase of \$88,000 in accounts payable was primarily composed of increases in amounts payable to the BTI's investment advisors, consultant, and custodian. Investment advisor fees payable increased by \$98,000 due to a higher level of assets under management during the final quarter of the fiscal year 2020 as compared to the final quarter of fiscal year 2019. Custodian fees payable increased by \$1,000 as a result of the higher level of assets under management at the end of fiscal year 2020. Consultant fees payable increased by \$1,000 as a result of an increase in the annual fees for the 2020-21 contract year. The remaining \$3,000 decrease in payables was due to a decrease in amounts payable for purchase of new computer equipment. The \$64,000 in reimbursements due to the STO was for staffing services provided to the BTI, office space rental and utilities expenses, and the BTI's share of other office expenses paid on the BTI's behalf by the STO. The amount due to the STO was \$9,000 lower than at the end of fiscal year 2020, primarily due to a decrease in pass-through costs related to annual software license renewals, travel, and computer equipment.

Net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position. Capital asset expenditures of \$1,000 or more (\$500 or more for certain computer equipment) are capitalized at cost and reported net of accumulated depreciation. Unrestricted net position represents net position not restricted for use by legal, contractual or enabling legislation constraints.

Changes in net position. The following is the condensed Statements of Revenues, Expenses and Changes in Net Position of the operating fund for the periods ended June 30, 2020 and 2019 (in thousands).

	2020	2019
Revenues		
Operating revenues:		
Management services	\$ 1,144	\$ 1,717
Advisor and custodian services	2,028	1,893
Total revenues	<u>3,172</u>	<u>3,610</u>
Expenses		
Operating expenses:		
General and administrative	1,296	1,305
Advisor and custodian fees	2,029	1,893
Depreciation	4	3
Total expenses	<u>3,329</u>	<u>3,201</u>
Increase (decrease) in net position	(157)	409
Net position at beginning of year	<u>1,456</u>	<u>1,047</u>
Net position at end of year	<u><u>\$ 1,299</u></u>	<u><u>\$ 1,456</u></u>

Operating revenues at June 30, 2020 consist of investment advisor, custodian, and management fees billed to the pools by the operating fund to cover the cost of providing investment management services. The fees charged to the pools are categorized into direct or indirect expenses. All direct expenses, investment advisor and custodian fees are charged directly to the pools as they are incurred. All indirect expenses, e.g. insurance, staff costs, and rent, are charged to the pools based upon a fixed basis point fee against the net position of the pool. The fees collected are deposited in a special account in the STO created and designated as the Board of Treasury Investments Fee Fund in accordance with *West Virginia Code §12-6C-19*.

Operating revenues for fiscal year 2020 decreased by \$438,000. The decrease in revenue consisted of a decrease of \$574,000 in management (administrative) fees charged to the pools, an increase of \$143,000 in advisor fee revenues, and a decrease of \$7,000 in custodial fees.

Advisor fees are computed based upon market values of the pools. The average market value of assets under management were approximately \$589 million higher over the course of fiscal year 2020 for the WV Money Pool, resulting in an increase in advisor fees of \$163,000. Advisor fees for the WV Government Money Market Pool increased year-over-year by \$11,000 as a result of an increase of \$35 million in average assets under management over fiscal year 2020. Offsetting these increases in advisor fees was a decrease in the advisor fees for the WV Short Term Bond Pool. Although average assets under management in the pool were \$99 million higher in fiscal year 2020, the average advisor fee charged to the pool was approximately 1.24 basis points lower than the average advisor fee for fiscal year 2019. In November of 2018, the investment advisor for the pool changed from Federated Hermes (“Federated”) to Sterling. On an annualized basis, the fee charged by Sterling is approximately 3 basis points lower than the fee charged by Federated. For fiscal year 2019, when the pool was managed for four months by Federated and eight months by Sterling, the advisor fee charged to the pool was approximately 6.96 basis points. For fiscal year 2020, when the pool was managed for the entire year by Sterling, the advisor fee charged to the pool was approximately 5.72 basis points. Even with the \$99 million increase in average assets under management, the lower average fee resulted in a decrease of \$31,000 in advisor fees for the pool. Custodian fees decreased by a combined \$7,000 as a result of a new fee schedule implemented in October 2019. Effective October 1, 2019, the annual administrative fee decreased by 0.05 basis points from 0.25 basis points to 0.20 basis points. The effects of the lower fee were offset by an increase in assets during the fiscal

year and an increase in trading by the investment managers. Trading activity during fiscal year 2020 was driven by the increase in assets under management and market disruptions in the second half of the fiscal year resulting from the COVID-19 pandemic. Administrative fee revenue decreased by \$574,000 from fiscal year 2019 levels. For fiscal year 2020, the BTI cut the administrative fee from 3.0 basis points to 1.6 basis points. The cut in the administrative fee rate was the primary cause of the drop in administrative fee income. The effects of the administrative fee cut were somewhat offset by the increase in average assets under management during fiscal year 2020.

Total operating expenses for the year increased by \$128,000. This includes a decrease of \$9,000 in general and administrative expense and an increase in advisor and custodian fees of \$136,000. Depreciation expense increased from the prior fiscal year by \$1,000.

General and administrative expenses represent costs associated with operating the BTI that are not considered directly applicable to investment management. Salary reimbursements, investment consulting fees charged by NEPC Investment Consulting and fiduciary bond expenses make up the majority of this expense line item. Salary reimbursements and related expenses increased by \$27,000 from the prior year. This increase was the result of an increase in salary amounts allocated by the STO to the BTI resulting from merit raises and an across-the-board salary increase granted by the Legislature. Professional services increased from fiscal year 2019 levels, rising by \$3,000 year-over-year. The primary components of this increase were an increase in costs related to Bloomberg terminal services and an increase in consultant fees over the fiscal year. Offsetting these increases were decreases in contractual and professional service costs. During fiscal year 2019, the BTI had professional service costs related to the redesign of BTI marketing materials and for evaluation of the internal auditor's annual audit plan. Costs for these, or similar services, were not incurred during fiscal year 2020. Computer equipment expenditures decreased in fiscal year 2020, falling by \$21,000. The decrease was related to reimbursements to the STO for network infrastructure upgrades in fiscal year 2019. There were no such reimbursements in fiscal year 2020. Travel and training costs decreased by \$8,000 from fiscal year 2019 levels as all office travel and outside training was cancelled starting in February 2020 due to the COVID-19 pandemic. Machine rental costs fell by \$2,000 as the BTI replaced a leased copier with a purchased copier. The leased copier was leased by the STO and the BTI reimbursed the STO for the monthly lease payments. Office expenses, included miscellaneous office equipment purchase, fell by \$5,000 from fiscal year 2019. Other general and administrative expenses decreased by approximately \$8,000 from fiscal year 2019.

A large portion of the BTI's expenses represent investment advisor fees. The current investment advisors are Federated Hermes, Sterling Capital Management, and UBS Asset Management (Americas). All investment decisions and trade executions are performed by the investment advisors. The balance of custodian and advisor fee expense is composed of investment advisor fees of \$1,868,000 and custodian fees of \$160,000. Investment advisor fees increased by \$143,000 and custodian fees decreased by \$8,000 over fiscal year 2019 levels. Approximately \$174,000 of net increase in investment advisor fees was the result of an increased level of assets under management in the WV Money Market and WV Government Money Market Pools over fiscal year 2020. Offsetting this increase was a decrease in advisor fees for the WV Short Term Bond Pool. As previously discussed, the change in investment manager for this pool resulted in advisor fees decreasing by \$31,000 as compared to fiscal year 2019. Custodian fees decreased by \$8,000 during fiscal year 2020, primarily due to the aforementioned changes to the custodian fee schedule implemented during fiscal year 2020.

Financial Analysis of the Consolidated Fund

Net position. The following is combined, condensed Statements of Fiduciary Net Position of the Consolidated Fund fiduciary funds as of June 30, 2020 and 2019 (in thousands).

	2020	2019
Assets		
Investments	\$ 6,515,053	\$ 5,159,739
Receivables	34,002	11,933
Total assets	6,549,055	5,171,672
Liabilities		
Accrued expenses	864	631
Dividends and purchases payable	80,664	1,817
Total liabilities	81,528	2,448
Net Position		
Held in trust for investment pool participants	6,384,155	5,166,061
Held in trust for individual investment account holders	83,372	3,163
Net position	\$ 6,467,527	\$ 5,169,224

As of June 30, 2020, the Consolidated Fund's assets totaled approximately \$6.5 billion and were composed almost entirely of investments in securities. Net position as of the end of fiscal year 2020 was nearly \$1.3 billion higher than the fiscal year end 2019 net position. The increase in net position was composed of a net increase of \$1.2 billion in investments by state agencies and local governments in the investment pools. Adding to this increase was an increase of \$72 million in investments in individual accounts over fiscal year 2020.

As more fully discussed below, the BTI experienced a net increase in invested funds during fiscal year 2020. The overwhelming majority of the increase was in the WV Money Market Pool, which saw an increase of almost \$1.1 billion in net position. The WV Government Money Market Pool also increased year-over-year, adding approximately \$11 million from fiscal year-end 2019. Net position of the WV Short Term Bond Pool increased by \$75 million while the State Loan Pool added approximately \$1 million in net position. The Municipal Bond Commission Account ("MBC Account") increased by \$80 million as the Municipal Bond Commission added new funds to the account. The WV Bank Pool experienced a decline in net position over fiscal year 2020, falling by \$10 million from fiscal year-end 2019. The School Fund, Reserve Pool and West Virginia Economic Development Authority Account were little changed from the prior fiscal year.

The receivables balance is composed of accrued interest and dividends and receivables for investments sold. Receivables increased by \$22.1 million over the fiscal year-end 2019 balance. The increase in receivables was primarily the result of an increase of \$23.5 million in receivables for investments sold. This receivable represents amounts due to the BTI for securities sales with settlement after fiscal year-end. As discussed below, although investments increased year-over-year, interest and dividends receivable across all pool and accounts decreased by \$1.4 million as a result of the Fed slashing rates to zero during fiscal year 2020.

In the WV Money Market Pool, interest and dividends receivable decreased by \$2.0 million from fiscal year 2019. The pool's holdings of interest-bearing securities declined from 45% of total holdings at fiscal year-end 2019 to 35% of holdings at fiscal year-end 2020. With the increase in assets, the drop in the amount of interest-bearing securities was only \$45 million year-over-year. However, the weighted average coupon on the interest-bearing securities decreased from 2.35% at the end of fiscal year 2019 to approximately 0.44% by the end of fiscal year 2020. The decline in interest rates was almost entirely responsible for the \$2.0 million decrease in interest receivable in the WV Money Market Pool from fiscal year 2019.

The interest receivable balance of the WV Government Money Market Pool increased by \$0.1 million from fiscal year 2019 as the pool balance increased by approximately \$11 million during the fiscal year and the investment manager increased allocations to interest-bearing securities. As of fiscal year-end 2019, approximately 33% of the pool was invested in interest-bearing securities with a weighted average coupon of 0.82%. By the end of fiscal year 2020, the percentage of investments that were interest-bearing had increased to 41%. However, the weighted average coupon as of fiscal year-end 2020 had fallen to only 0.23%. The increase in interest-bearing holdings, along with the \$11 million increase in assets under management, resulted in the interest receivable balance increasing slightly despite the significant decline in coupon rates year-over-year.

Interest and dividends receivable in the WV Short Term Bond Pool increased by approximately \$0.6 million over fiscal year-end 2019. The primary driver for the increase was an increase of \$61 million in the par value of assets held in the pool during fiscal year 2020. The decline in interest rates that affected the other pools was less severe in the WV Short Term Bond Pool as the weighted average coupon rate only fell by 0.30% from 2.86% as of fiscal year-end 2019 to 2.56% as of fiscal year-end 2020. In addition to the higher coupons, the investment manager increased allocations to securities with quarterly and semi-annual interest payment frequencies from 71% of the pool to approximately 78% of the pool. The higher allocation to securities with less frequent interest payments resulted in an increase in days of interest accrued at fiscal year-end 2020. The WV Short Term Bond Pool was also responsible for the \$23.5 million year-over-year increase in receivables for securities sold. Certain securities were sold by the pool at the end of June 2020 that had trade settlement dates after fiscal year-end 2020.

Interest and dividends receivable also declined in other pools and accounts, with the interest receivable in the WV Bank Pool falling by \$0.3 million and rising by \$0.2 million in the Municipal Bond Commission Account. The drop in the interest receivable in the WV Bank Pool was due to a decline in certificates of deposit sold at auction during fiscal year 2020 and a decrease in the rates on new certificates sold during the year. The increase in interest receivable in the Municipal Bond Commission Account resulted from the Municipal Bond Commission making new deposits in the account during the year. As of fiscal year-end 2019, the balance of the Account was zero. With the new deposits made during the year, the assets in the account rose to \$80.2 million by fiscal year-end 2020. The remaining pools and accounts were little changed from the prior fiscal year.

Total liabilities increased by approximately \$79.1 million from June 30, 2019 levels. Total liabilities consist of accrued expenses, representing accrued manager fees, custodian bank fees and administrative fees, and dividends and purchases payable, representing dividends payable to participants in the WV Short Term Bond Pool and amounts payable for securities purchases settling in the following accounting period. The majority of the increase in liabilities was the result of changes in the amounts payable for securities purchased in the WV Money Market, WV Government Money Market and WV Short Term Bond Pools. The liability for investments purchased for these pools increased by \$50.0 million, \$2.0 million and \$25.7 million, respectively. These payables represent amounts due for security purchases with trade dates prior to fiscal year-end and settlement dates after fiscal year-end. Dividends payable in the WV Short Term Bond Pool increased by over \$1.1 million, primarily due to the distribution of gains realized from security sales during the month of June 2020. Pool net income was approximately \$0.2 million higher in June 2019

as compared to June 2020. However, the realized gain distribution for June 2020 was \$1.3 million higher than the realized gain distribution for June 2019. Accrued expenses were up approximately \$0.2 million as compared to the end of fiscal year 2019.

Net position is the excess of total assets over total liabilities. As of June 30, 2020, the Consolidated Fund had total net position of approximately \$6.5 billion. The net position consists of funds held in trust for investment pool participants and individual account holders. Investment pool participants are those participants investing in the WV Money Market, WV Government Money Market, WV Short Term Bond, WV Bank, Reserve, and Loan Pools. Net position for investment pool participants increased approximately 23.6% from the prior year due to increases in investments in the WV Money Market, WV Government Money Market, WV Short Term Bond and State Loan Pools. Investment in the WV Bank Pool declined from the prior fiscal year. Net position of the individual accounts was up significantly from fiscal year 2020, increasing by just over \$80.0 million. The increase in net position in individual accounts was due entirely to the Municipal Bond Commission making new deposits to the MBC Account during the fiscal year. The remaining pools and accounts did not change significantly during the year.

Net position of the WV Money Market Pool increased by approximately \$1.1 billion from the prior year. The primary source of the increase was an increase of \$1.1 billion in State agency investments. Local government investments also increased year-over-year, rising by \$58 million from fiscal year 2019. Most of the increase in state agency investments was in State Participation. State Participation represents cash of the General Fund and cash of other state agencies that is not invested for the benefit of a particular agency. The balance of State Participation increased by \$816 million from fiscal year 2019 and is primarily the result of payments to the State of West Virginia from the Coronavirus Relief Fund (“CRF”). The CRF was created by the CARES Act and is administered by the U.S. Department of the Treasury. Absent the CRF deposits, State Participation would have declined by approximately \$363 million as revenue collections fell as a result of the partial economic shutdown in response to the COVID-19 pandemic. The next largest increase in state agency investments was a \$266 million increase in the accounts of the West Virginia Department of Transportation (the “DOT”). In December 2019, the state issued \$600 million in general obligation state road bonds under the Governor’s Roads to Prosperity program. The state received approximately \$746 million from this sale. Offsetting the increase due to the bond sale, were decreases totaling \$480 million in other DOT bond proceed accounts. The total balance of other state agency investments were little changed year-over-year.

Net position of the WV Government Money Market Pool increased by \$10.5 million from fiscal year end 2019. State agency deposits, which made up just over 88% of the funds invested in the Pool at the end of fiscal year 2020, increased by \$24.6 million over the course of fiscal year. The \$24.6 million increase in state agency deposits was composed of a \$0.7 million decrease in MBC deposits, a \$23.8 million increase in West Virginia Housing Development Fund deposits, a \$1.7 million increase in Division of Environmental Protection (the “DEP”) deposits and a net decrease of \$0.2 million in other state agency deposits. Direct local government investments in the Pool are predominately made by county school boards. Over fiscal year 2020, local government investments decreased by \$14.1 million, primarily from a single county school board which drew against invested proceeds from a bond issuance for school construction.

The net position of the WV Short Term Bond Pool increased by \$75.3 million from fiscal year-end 2019. A majority of the increase was net participant investments over the course of the fiscal year. During the year, the pool received \$40.9 million in net new investments by participants. Nearly all of the new investments came from state agencies. Contributing to the increase in net position was reinvestment of pool income and net capital gain distributions totaling \$26.7 million. The remaining \$7.7 million was the result of a net increase in the market value of securities held by the pool.

Investments in the State Loan Pool rose during the fiscal year, increasing by \$1.2 million. The balance of the Revolving Loan program increased by \$1.2 million for the year as the WVEDA made draws on the loan

program. Loan draws totaling \$13.7 million were made during the year. Offsetting the draws were regular monthly principal payments and extra principal payments totaling \$3.4 million. At the end of fiscal year 2019, the WVEDA had notified the BTI that the Non-recourse loan program investments were being terminated. The remaining balance of cash on hand at the WVEDA was to be returned to the BTI subsequent to the venture capital firms being notified that no further capital draws would be funded. During the process of reconciling WVEDA's available cash balance to the BTI's expected cash balance, the WVEDA was found to have approximately \$0.1 million less on hand than was indicated by the WVBTI's records. After an audit of the WVEDA's records, it was determined that the difference was related to fees and expenses paid by the WVEDA from loan proceeds that were not reported by to the BTI over the life of the loan program. Based on the audit, the BTI increased the loan loss reserve by \$0.1 million during fiscal year 2020. Once the final audit report has been released, the WVEDA will remit the remaining balance to the WVBTI. The WVEDA Non-recourse Loan program is more fully discussed in Note 7 to the financial statements.

The net position of the WV Bank Pool decreased by approximately \$9.9 million during fiscal year 2020. Although rates for offered funds fell during the fiscal year, demand for funds offered through the West Virginia CD program declined during the fiscal year. The BTI continued offering \$15 million at each monthly auction during fiscal year 2020, placing approximately 77% of the funds offered at auction.

The balance of the Reserve Pool did not change significantly over the fiscal year. There were no contributions or withdrawals in the pool during the year. The \$0.3 million increase in net position was the result of interest earnings that were reinvested in the account.

Net position held in trust for individual account holders represent individual state agency accounts with specific investment needs. While legal ownership of the securities rests with the BTI, each agency has 100% beneficial ownership of the investments in its pool and is solely responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. Net position for individual account holders increased by \$80.2 million from the prior fiscal year. The MBC was responsible for the increase in net position for individual account holders. The MBC account holds investments escrowed to defease certain municipal bond issues. Levels of investment in this account are affected by municipal refinancing/refunding activity levels and the availability of, and yield on, eligible assets. The net position of the MBC Account increased by \$80.3 million during fiscal year 2020. The net increase in the net position was composed of deposits totaling \$109.2 million plus net income of \$0.6 million, less withdrawals from the account of \$29.5 during the year. For the remaining accounts, the net position of the School Fund decreased by \$0.2 million while the West Virginia Economic Development Authority – American Woodmark (“EDA-AW”) account net position did not significantly change during the year.

Changes in net position. The following is a combined, condensed Statements of Changes in Fiduciary Net Position of the Consolidated Fund fiduciary funds for the years ended June 30, 2020 and 2019 (in thousands).

	Year Ended June 30,	
	2020	2019
Additions		
Net investment income	\$ 100,085	\$ 120,213
Net realized gain (loss)	6,622	(817)
Net increase in fair value of investments	7,742	14,306
Unit purchases and contributions	13,591,694	11,538,994
Total additions	13,706,143	11,672,696
Deductions		
Distributions	105,970	119,146
Unit redemptions and withdrawals	12,301,870	10,813,808
Total deductions	12,407,840	10,932,954
Change in net position	1,298,303	739,742
Net position at beginning of year	5,169,224	4,429,482
Net position at end of year	\$ 6,467,527	\$ 5,169,224

Fiscal year 2020 net investment income was below prior fiscal year income, falling by approximately 17% from fiscal year 2019 levels. The decline in income was due to a series of Fed rate cuts that occurred over the course of the fiscal year. Most of the pools and accounts, except for the WV Short Term Bond Pool, State Loan Pool and MBC account, experienced decreases in net investment income, with a total decrease of \$20.1 million from the prior fiscal year. The WV Money Market Pool's net investment income decreased by \$22.4 million, accounting for most of the overall net decrease. The WV Government Money Market Pool net investment income was \$1.4 million less than the net investment income for the pool for fiscal year 2019. WV Bank Pool's net investment income decreased by \$0.5 million and the Reserve Pool's net investment income decreased by \$0.1 million. Pools and accounts experiencing an increase in net investment income over fiscal year 2019 levels were the WV Short Term Bond Pool, State Loan Pool and MBC Account. Net investment income in the WV Short Term Bond Pool increased by \$2.2 million from fiscal year 2019. The State Loan Pool experienced an increase in net investment income of \$1.6 million, while the MBC Account's net investment income increased by \$0.5 million. Net investment income in the School Fund and EDA-AW Account were little changed from fiscal year 2019.

The Fed's series of rate cuts during fiscal year 2020 were responsible for the decline in net income in the BTI's two principal stability pools. Although both pools experienced increases in investment by participants, the slashing of short-term rates to near zero resulted in an overall decline in net investment income. WV Money Market Pool performance, net of advisor fees, dropped by 76 basis points from 2.47% in fiscal year 2019 to 1.71% for fiscal year 2020. The Fed enacted three quarter point rate cuts during the first half of the fiscal year, dropping the benchmark fed funds rate to a range of 1.50% to 1.75%. In response to the turmoil resulting from the spreading COVID-19 pandemic, the Fed lowered rates to near zero in March 2020. These rate cuts were primarily responsible for the decline of \$22.4 million decrease in net investment income from fiscal year 2019.

The WV Government Money Market Pool also experienced a decrease in net-of-advisor-fee performance year-over-year, with returns falling by 78 basis points from 2.25% in fiscal year 2019 to 1.47% in fiscal year 2020. Net investment income declined even with the increase of \$35 million in the average investment

balance over the fiscal year. As with the WV Money Market Pool, the series of rate cuts by the Fed were responsible for the decline of \$1.4 million in net investment income.

The WV Short Term Bond Pool's performance, net of advisor fees, dropped slightly from fiscal year 2019 levels. Returns in fiscal year 2020 were 5 basis points lower than the returns for fiscal year 2019, falling from 4.58% for fiscal year 2019 to 4.53% for fiscal year 2020. With the slight decrease in returns, the \$98.7 million increase in the average investment balance over fiscal year 2020 was the primary cause of the increase of \$2.2 million in net investment income.

The WV Bank Pool's net investment income decreased by \$0.5 million from fiscal year 2019 levels. Falling interest rates on CD auction placements was the primary cause of the decline in interest income year over year. The average rate for placements fell from 2.53% in fiscal year 2019 to 1.54% in fiscal year 2020. Contributing to the decline in net investment income was a decline in the placement of funds, with an average placement of \$11.6 million per auction in fiscal year 2020 versus an average placement of \$13.1 million in fiscal year 2019.

The Reserve Pool's net investment income decreased \$0.1 million from fiscal year 2019 levels. Nearly all of the Pool's assets are deposited in a demand deposit account. The interest rate on the deposit account resets at the beginning of the month. The entire decrease in the net investment income was due to falling rates throughout the fiscal year.

Net investment income in the Loan Pool increased by \$1.6 million from fiscal year 2019 levels. Interest income in the pool increased year-over-year by \$1.2 million as rates on the Revolving Loan and Broadband Loan reset higher. The rate for the Revolving Loan is based on the average gross-of-fee return for the WV Money Market Pool for the prior fiscal year. This resulted in the annual rate for the Revolving Loan increasing from 1.60% for fiscal year 2019 to 2.46% for fiscal year 2020. The rate on the Broadband Loan is reset quarterly, based on the rolling twelve-month return for the WV Money Market Pool. Since the rate is backward-looking, it did not begin to decline until the second half of the fiscal year. For fiscal year 2020, the average rate on outstanding balances was 2.32% for fiscal year 2020 versus an average rate of 1.89% for fiscal year 2019. Also contributing to the increase in net investment income was a \$0.4 million decrease in write-downs for the Non-recourse Loan. During fiscal year 2020, write-downs totaled \$0.1 million versus \$0.5 million for fiscal year 2019. See Note 7 to the audited financial statements for more information on the loan programs of the Loan Pool.

Net investment income for the MBC Account rose by \$0.5 million from fiscal year 2019. As of the end of fiscal year 2019, the MBC account had a zero balance as the MBC had withdrawn the proceeds from maturities of the remaining investments in the account. During fiscal year 2020, the MBC made new deposits of approximately \$109.8 million into the account. The average amount invested in the account increased substantially from fiscal year 2019, rising from an average of \$18.2 million to \$46.7 million for fiscal year 2020. This increase in assets was the primary reason net investment income increased year-over-year.

Net investment income for the remaining accounts was comparable to the prior fiscal year.

For the year, the investment pools had a combined net realized gain of \$6.6 million. The net realized gain in 2020 represented a positive swing of \$7.4 million from fiscal year 2019's net realized loss of \$0.8 million. An overwhelming majority of the net gains were realized in the WV Short Term Bond Pool, which had a net realized gain for fiscal year 2020 of \$7.4 million. Part of the net realized gains were the result of trading activity to generate liquidity for \$58.0 million in participant withdrawals that occurred over fiscal year 2020. The remaining net realized gains were the result of the trading activity by the portfolio manager to reduce risk exposure in the pool, exiting positions where the manager believed the securities were trading above intrinsic value, and increasing exposure in securities/sectors that appeared to be undervalued as a result of the severe turbulence in the market in the last half of fiscal year 2020. Both the WV Money

Market and WV Government Money Market Pools had net realized gains during fiscal year 2020 that were comparable to their realized gains in fiscal year 2019. The realized gains in these two pools were the result of normal trading activity related to generating liquidity, taking advantage of opportunities, or repositioning the portfolio to stay within policy limits.

The net change in fair value was positive for fiscal year 2020, but substantially less than the net change for fiscal year 2019. Fiscal year 2020's net increase in fair value of \$7.7 million was approximately \$6.6 million lower than the net increase in fair value for fiscal year 2019. For fiscal year 2020, the WV Short Term Bond Pool experienced a net increase of \$7.7 million in fair value, accounting for nearly all the increase. The primary reason for the increase during fiscal year 2020 was the decline in interest rates. The Fed lowered their benchmark rate three times during the first half of the fiscal year in response to lower inflation expectations and softening economic growth. In March 2020, the Fed cut the fed funds rate to near zero and launched a series of liquidity and market support programs in response to the sudden economic downturn and market turmoil caused by the spreading COVID-19 pandemic. While lower market rates helped boost the value of portfolio holdings, widening credit spreads moderated the increase in value as 73% of the portfolio is invested in corporate debt and asset-backed securities.

The change in fair value in the EDA-AW Account was similar to the prior year, rising very little year-over-year.

Economic Factors

The Consolidated Fund is designed to address the short-term liquidity needs of the participants which focus on safety of principal, maximization of yield, and conformance with state law and other pertinent legal restrictions. The Board recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. However, the Investment Policy of the BTI invests assets in a manner that minimizes risks with the primary objectives of safety and liquidity.

Although there were several noteworthy events that occurred in the first half of the fiscal year, they were overshadowed by disruptions in the world economy and global financial markets caused by the COVID-19 global pandemic. The first half of the fiscal year saw three Fed rate cuts, the first since the Great Financial Crisis, mayhem in the repo market in September 2019, and a continuation of the trade war between the U.S. and China. A top concern of economists going into the second half of fiscal year 2020 related to downside risks to the U.S. economy resulting from the back-and-forth tariff war between the U.S. and China. This, along with other concerns, would take a back seat to the rapidly spreading coronavirus pandemic. Economic activity across the world would slow dramatically as governments instituted policies to slow the spread of the virus. The worldwide meltdown in risk markets saw record-setting outflows from investment-grade bond funds and prime money market funds as investors fled risk assets in favor of safe-haven U.S. government money market funds. Over the month of March 2020, prime money market funds lost approximately \$125 billion in assets while U.S. government money market funds saw inflows of close to \$840 billion. Credit spreads widened substantially during the month while yields on U.S. Treasuries plunged towards record lows. The Fed aggressively stepped in in March 2020 to ease monetary conditions and provide support to risk markets, cutting rates to near zero and implementing a variety of facilities to restore liquidity to the markets. The Fed continued to tweak their programs and implement new ones over the remainder of the fiscal year. The unprecedented actions of the Fed, along with the massive fiscal support package passed by Congress, were able to restore some calm to the markets. As of fiscal year-end 2020, credit spreads had come in, ending the year approximately 30 basis points higher than where they started the fiscal year. Treasury yields were significantly lower, ranging from 13 basis points for 1-month Treasuries to 18 basis points for 3-year Treasuries. The rate actions by the Fed were primarily responsible for the decline in return in the WV Money Market and WV Government Money Market Pools. Although the decline in market yields helped performance in the WV Short Term Bond Pool through the first half of the fiscal year, the blowout in credit spreads in the first quarter pulled down returns. The actions of the Fed

over the remainder of the fiscal year, as well as the manager taking advantage of market dislocations in March and April 2020, helped the portfolio recover from the first quarter underperformance and post a return for the year that was comparable to the fiscal year 2019 return.

Economic growth in the U.S., as measured by Gross Domestic Product (“GDP”), over the fiscal year was sharply down from the prior fiscal year, with estimates placing the average negative growth rate for fiscal year 2020 at 8.2%. Economic growth had ticked up early in the fiscal year, but there were signs that some of the underpinnings were weakening. Softening business investment and weaker exports were pointing to potentially slower GDP growth in the future. The first half of the fiscal year was marked by a continuation of the President’s trade war with China. Tariffs were announced on a variety of Chinese goods, with China retaliating with their own tariff announcements. The two sides finally reached a “Phase One” deal in December 2019 that gave investors some confidence that the early part of calendar year 2020 might be less volatile. This optimism, coupled with the Fed’s monetary easing, resulted in credit markets performing well over the first half of the fiscal year. However, the first half of calendar year 2020 was anything but “less volatile” as the novel coronavirus began to spread around the world. The unprecedented economic crisis, precipitated by the coronavirus pandemic, would result in GDP crashing in the second half of the fiscal year. As the infection rate surged in the U.S. in the early spring, many state and local governments imposed quarantines and shut down schools, businesses and other institutions. Events with large crowds, such as sporting events, concerts and conventions, were voluntarily canceled or canceled under government order. Although these actions slowed the spread of the virus, they devastated the labor market and the economy. Unemployment surged to record levels and economic activity plummeted. The fourth quarter of 2020 is expected to witness the largest drop in economic activity with a projected annualized decline in GDP in the 30% to 40% range. The CARES Act passed by Congress in March 2020 will likely have prevented the economic collapse from being significantly worse. The CARES Act provided direct aid, loans and support to households, governments and businesses in an effort to soften the economic blow of the pandemic.

General revenue fund tax collections were \$198.8 million below the official fiscal year 2020 estimates and 5.5% below fiscal year 2019 receipts. The decline in revenue was due to the onset of the COVID-19 pandemic during the latter portion of the fiscal year. The global economy declined significantly during the first half of calendar year 2020 as commerce was partially curtailed by stay-at-home and business closure orders to slow down the spread of the pandemic. Consumer confidence waned and unemployment spiked as many businesses either closed or substantially reduced their operations. Both business and leisure travel came to an abrupt halt and many workers began working remotely from home. The partial shutdown in West Virginia began in late March with a gradual reopening beginning in May that was largely completed by June. The pandemic induced recession resulted in nationwide fiscal year 2020 revenue shortfalls for all state governments in comparison with their original estimates.

West Virginia general revenue fund collections were on a path to meet or exceed year-end estimates as of March 31, 2020, with fiscal year-to-date revenue collections of \$3.3 billion ahead of prior year receipts by 0.3%. The fourth quarter fiscal year 2020 revenue estimate was 6.2% less than actual revenues received in the prior fiscal year. The lower estimate was attributable to an expectation of lower year-end annual income tax payments following higher than usual revenue gains in the prior year and lower severance tax revenues associated with a weakening energy sector. The combined revenues for the eight largest sources of revenue (i.e., Personal Income Tax, Consumer Sales Tax, Severance Tax, B&O Tax, Corporation Net Income Tax, Insurance Premium Tax, Tobacco Products Tax and Excess Lottery Fund Transfers) were estimated to decrease by 7.0% from prior fiscal year receipts. Due to the economic impact of the pandemic and a related decision to defer payment of estimated and annual income tax return payments due between April and June to July, actual revenue collections for these revenue sources fell by nearly 27.5% from the prior year. As a result, the State faced a fiscal year-end budget gap in excess of \$300 million.

The State closed this gap through a combination of one-time revenues and reduced spending authorizations. The one-time revenues included \$23 million from the Income Tax Refund Reserve Account, an acceleration of nearly \$15.7 million in 10-year Liquor License Renewal Fees otherwise due on July 1st, an additional \$3.25 million from abandoned and unclaimed property and \$57 million in pandemic related expenditure reimbursements from federal funds received under the CARES Act. The State also benefited from an enhanced Federal Medical Assistance Percentage (FMAP) of 6.2% provided to all states during the current pandemic. The enhanced FMAP and other available State Medicaid reserve funds were used to lower the amount of general revenue funds used in fiscal year 2020 by \$186 million. In addition, another \$13 million in spending authority relating to funds that would otherwise have expired at year end was eliminated. These actions closed the budget gap for the year. Additional year-end expirations contributed to a net budgetary surplus of \$28.0 million at the close of fiscal year 2020. Out of this budgetary surplus, \$14.0 million will be transferred into the Revenue Shortfall Reserve Fund, \$6.0 million is already appropriated by the Legislature for the Milton Floodwall Project, and the remaining \$8.0 million will be available for future appropriation.

Requests for Information

This financial report is designed to provide a general overview of the BTI's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, West Virginia Board of Treasury Investments, 1900 Kanawha Boulevard East, Charleston WV 25305.

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West Virginia Board of Treasury Investments
Statement of Net Position
Proprietary Fund

June 30, 2020

(In Thousands)

Assets

Current assets:

Cash	\$ 1,093
Receivables	865
Total current assets	<u>1,958</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	6
Total assets	<u>1,964</u>

Liabilities

Current liabilities:

Accounts payable	665
Total liabilities	<u>665</u>

Net position

Net investment in capital assets	6
Unrestricted	1,293
Total net position	<u><u>\$ 1,299</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund

For the Year Ended June 30, 2020

(In Thousands)

Operating revenues	
Management services	\$ 1,144
Advisor services	1,868
Custodian services	<u>160</u>
Total operating revenues	3,172
 Operating expenses	
Advisor fees	1,868
Management fees	743
Professional service fees	275
Fiduciary bond	20
Custodian fees	161
General and administrative	258
Depreciation	<u>4</u>
Total operating expenses	<u>3,329</u>
 Operating loss	 <u>(157)</u>
 Change in net position	 (157)
Net position at beginning of period	<u>1,456</u>
Net position at end of period	<u><u>\$ 1,299</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Cash Flows
Proprietary Fund

For the Year Ended June 30, 2020

(In Thousands)

Cash flows from operating activities	
Cash received for services	\$ 2,938
Payments to vendors	<u>(3,236)</u>
Net cash used in operating activities	(298)
 Cash flows from capital and related financing activities	
Purchase of capital equipment	<u>(5)</u>
Net cash used for capital and related financing activities	<u>(5)</u>
 Net decrease in cash	 (303)
Cash at beginning of period	<u>1,396</u>
Cash at end of period	<u><u>\$ 1,093</u></u>
 Reconciliation of operating income to net cash used in operating activities	
Operating loss	\$ (157)
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	4
Changes in assets and liabilities:	
Receivables	(233)
Accounts payable	<u>88</u>
Net cash used in operating activities	<u><u>\$ (298)</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Combined Statement of Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

June 30, 2020

(In Thousands)

Assets

Investments:

At amortized cost \$5,621,810

At fair value 893,243

Total investments 6,515,053

Receivables:

Accrued interest 7,072

Dividends 59

Other 26,871

Total receivables 34,002

Total assets 6,549,055

Liabilities

Accrued expenses 864

Dividends payable 2,924

Investments purchased 77,740

Total liabilities 81,528

Net Position

Held in trust for investment pool participants 6,384,155

Held in trust for individual investment account holders 83,372

Total net position \$6,467,527

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Combined Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

For the Year Ended June 30, 2020

(In Thousands)

Additions

Investment income:

Interest	\$ 61,532
Dividends	3,187
Net amortization	38,624
Provision for uncollectible loans	(89)
Total investment income	<u>103,254</u>

Investment expenses:

Investment advisor fees	1,867
Custodian bank fees	160
Administrative fees	1,142
Total investment expenses	<u>3,169</u>

Net investment income	100,085
Net realized gain from investments	6,622
Net increase in fair value of investments	<u>7,742</u>
Net increase in net position from operations	114,449

Participant transaction additions:

Purchase of pool units by participants	13,377,374
Reinvestment of pool distributions	104,859
Contributions to individual investment accounts	109,461
Total participant transaction additions	<u>13,591,694</u>

Total additions	<u>13,706,143</u>
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Deductions

Distributions to pool participants:

Net investment income	99,348
Net realized gain from investments	6,622
Total distributions to pool participants	<u>105,970</u>

Participant transaction deductions:

Redemption of pool units by participants	12,271,849
Withdrawals from individual investment accounts	30,021
Total participant transaction deductions	<u>12,301,870</u>

Total deductions	<u>12,407,840</u>
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Change in net position	1,298,303
Net position at beginning of period	<u>5,169,224</u>
Net position at end of period	<u><u>\$ 6,467,527</u></u>

See accompanying notes to financial statements

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West Virginia Board of Treasury Investments

Notes to Financial Statements

June 30, 2020

1. Organization and Operations

The West Virginia Board of Treasury Investments (the “BTI”) is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia State Code Chapter 12, Article 6C, West Virginia Treasury Investments Act. The West Virginia Legislature established the BTI as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government and to allow the West Virginia Investment Management Board (the “IMB”), which had managed the Consolidated Fund, to focus on the state’s long-term trust investments. The Consolidated Fund is the statutory title of the fund that collectively refers to the investment pools and accounts that the BTI manages. The BTI operates on a fiscal year that begins July 1 and ends June 30.

The accompanying financial statements include the operations of the BTI as well as investment balances and transactions of the individual investment pools and accounts of the Consolidated Fund under management of the BTI. The BTI provides a business-type activity that charges fees on a cost-reimbursement basis and is shown in the separate proprietary fund financial statements. Investment activities of the Consolidated Fund are shown in the separate fiduciary fund financial statements.

The West Virginia State Treasurer’s Office provides direct administrative and management services to the BTI. The BTI does not directly employ a staff, but reimburses the Treasurer’s Office for all personnel expenses of Treasury employees assigned to administer and manage the BTI. The Treasurer’s Office also provides various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant and one shall be an attorney, and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The following investment pools and accounts make up the Consolidated Fund:

WV Money Market – This pool consists of the operating funds of the State, funds held by State agencies, and funds from local governments who desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool is co-managed by Federated Hermes and UBS Asset Management (Americas).

WV Government Money Market – This pool consists of State agency and local government investors who wish to invest in a pool that restricts its investments to U.S. Government Obligations, U.S. Government

Agency Obligations, or repurchase agreements. The pool is managed by UBS Asset Management (Americas).

WV Short Term Bond – This pool consists of the operating funds of the State that are not needed immediately to fund the State’s liquidity requirements. The pool is managed by Sterling Capital Management.

WV Bank – This pool consists of certificates of deposit purchased by the State through the West Virginia CD Program. The program purchases CDs from state banks and depositories to make state investment funds available for consumer and business loans within the state.

Loan – This pool is composed of loans made by the State. Within the Loan Pool is a non-recourse loan made by the West Virginia Economic Development Authority (the “WVEDA”) to the West Virginia Enterprise Advancement Corporation (the “WVEAC”), which in turn invests the funds in the West Virginia Enterprise Capital Fund, LLC (the “WVECF”), which then invests the money in venture capital funds. The WVEAC is a non-profit corporation that has a common board of directors with the WVEDA. The non-recourse loan program was authorized pursuant to WV Code §12-6-9, which requires the BTI to transfer up to \$25,000,000 in State funds to the WVEDA. The funds transferred by the BTI are to be repaid with proceeds received by the WVEDA from the WVEAC, which will make repayment to the WVEDA from the proceeds it receives from the WVECF. The Loan Pool is restricted by statute to receiving 3% earnings on the funds transferred to the WVEDA. Although the non-recourse loan made by the WVEDA may earn in excess of 3%, only 3% will be given to the Loan Pool, and the WVEDA will retain the rest. The BTI is not responsible for exercising any discretion over or making any decisions in regard to the lending, investing and repayment activities of the non-recourse loan program, or for any other loans in the Loan Pool. The WVEDA provides all bookkeeping and accounting records of the non-recourse loan program. The BTI’s role is to transfer the funds to the WVEDA when requested and to maintain an accounting for the loans within the Loan Pool based on information provided by the WVEDA. In the 2017 legislative session, the West Virginia State Legislature established a program to provide loan guarantees for borrowings related to projects for the expansion of broadband services to unserved and underserved areas of West Virginia. Under the program, the BTI, subject to a liquidity determination and cash availability, shall make available to the WVEDA, from the Consolidated Fund, in the form of a nonrecourse revolving loan, \$50 million, for the purpose of insuring the payment or repayment of any debt instrument entered into by an entity for purposes of expanding broadband services to unserved and underserved areas of the state. The nonrecourse revolving loan is payable by the WVEDA solely from moneys received in respect to the insured debt instruments.

Reserve – This pool is composed of an interest-bearing depository account with United Bank. The pool was created to provide an added layer of security for the WV Money Market and WV Government Money Market Pools. The objective of this pool is to provide support for the WV Money Market and WV Government Money Market Pools to ensure their unit net position does not fall below \$0.9985. The State is the sole participant in this pool. Other funds are transferred to this pool as management deems necessary.

Participant Directed Accounts – The BTI also maintains pools for individual State agencies with specific investment needs. These pools are collectively referred to as Participant Directed Accounts, and include the following: Municipal Bond Commission (“MBC”), School Fund, and Economic Development Authority – American Woodmark (“EDA – AW”). Each agency is the sole owner of the investments in its pool and is responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. The MBC Account, which had closed May 31, 2019, was re-opened on December 5, 2019.

The BTI is authorized by West Virginia Code Chapter 12, Article 6C, Section 9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a program using financial institutions in the state to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the restrictions in investment types, at no time shall more than seventy-five percent of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association and at no time shall more than five percent be invested in securities issued by a single private corporation or association. Further, no less than fifteen percent of the Consolidated Fund shall be invested in any direct obligation of or obligation guaranteed by the United States government.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the BTI are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An internal service fund, which is a type of proprietary fund, is used to account for investment management services provided by the BTI on a cost-reimbursement basis. An investment trust fund, which is a type of fiduciary fund, is used to account for each of the investment pools and accounts of the Consolidated Fund. The Consolidated Fund is composed of three external investment pools (WV Money Market, WV Government Money Market, and WV Short Term Bond), three internal investment pools (WV Bank, Loan, and Reserve) and three individual investment accounts (Municipal Bond Commission, School Fund, and Economic Development Authority – American Woodmark). The MBC Account, which had closed May 31, 2019, was re-opened on December 5, 2019.

Budgetary Information

The Board's annual operating budget is appropriated by the Legislature from fees collected by the BTI.

Cash Equivalents

Cash equivalents are short-term investments with maturities when acquired of 90 days or less.

Capital Assets

Capital asset expenditures of \$1,000 (\$500 in the case of certain computer equipment) or more with a useful life greater than one year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three years.

Wages, Compensated Absences, Retirement Plan and Other Postemployment Benefits

The BTI has no employees. The State Treasurer's Office provides administrative and management services to the BTI. As a result, the BTI does not accrue for compensated absences and other postemployment

benefits or directly contribute to the state retirement plan. Management services provided are recorded as management fees paid to the State Treasurer's Office.

Income Taxes

The BTI is a public corporation organized under laws of the State of West Virginia and, as such, is exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the BTI is not subject to federal or state income taxes.

Revenues and Expenses – Proprietary Fund

Operating revenues of the BTI's proprietary fund are generated from services provided to the investment pools and accounts of the Consolidated Fund. Revenues of the proprietary fund also are derived from vendor fees charged directly to the investment pools and accounts and paid by the proprietary fund, such as investment advisor fees and custodian fees. Operating expenses of the proprietary fund represent payments for services provided under contract, such as investment advisors and consultants, fiduciary bond fees, and custodian fees; general and administrative expenses of the BTI, such as administrative and management services, office equipment, office supplies, and office space; and depreciation of capital assets. Revenues and expenses are recorded when earned and incurred in accordance with the economic resources measurement focus and the accrual basis of accounting.

Net Position – Proprietary Fund

The net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position, which represent net position not restricted to use by legal, contractual or enabling legislation constraints.

Use of Estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates. The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the statement of financial position date and revenues and expenses for the year then ended are those required in the determination of the allowance for loan losses and amortization of investments. Actual results in the near term could differ from the estimates used to prepare these financial statements.

Investment Accounting

Investment Carrying Value The BTI is an investment vehicle of the State, its component units, and local governments, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Reserve pools or accounts are carried at amortized cost, as permissible under Governmental Accounting Standards Board ("GASB") Statement No. 31, as amended by GASB Statement Nos. 72 and 79. The WV Money Market and WV Government Money Market pools measure all investments at amortized cost for financial reporting purposes in accordance with criteria established in GASB Statement No. 79. The criteria specify that the pools must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place any limitations or restrictions on participant withdrawals from the WV Money Market and WV Government

Money Market pools, such as redemption notice periods, maximum transaction amounts, nor possess authority to impose liquidity fees or redemption gates.

The specific exceptions to fair value reporting for the other pools and accounts referred to above are defined in professional standards as follows. The WV Bank Pool contains nonnegotiable certificates of deposit, which are nonparticipating interest-earning investment contracts. The Loan Pool contains loans receivable arising from lending activities of economic development authorities. The Reserve Pool contains a bank depository account that has no market.

The investments of the remaining pools and participant accounts are reported at fair value, which is determined by third party pricing services based on asset portfolio pricing models and other sources. The BTI measures fair value at the end of each month. See Note 5 for a discussion and summary of the measurement of the fair values. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the BTI are a component of the security price quoted by the seller and are included in the investment cost.

Repurchase Agreements The BTI uses only tri-party repurchase agreements. Under the terms of a tri-party repurchase agreement, the seller transfers collateral securities to an account of the BTI's manager/agent at the seller's custodian bank. This arrangement perfects the BTI's lien on the collateral and effectively protects the BTI from a default by the seller. The BTI requires sellers in repurchase transactions to pledge collateral of at least 102% of the cash borrowed from the BTI. If the seller defaults and the fair value of the collateral declines, realization of the collateral by the BTI may be delayed or limited.

Asset-Backed Securities Certain pools invest in various asset-backed securities and structured corporate debt. The pools invest in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

Investment Transactions Investment transactions are accounted for on a trade date basis.

Investment Gains and Losses Gains and losses on the sale of investment securities are recognized at the time of sale by the average cost method. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Interest Income Interest income is recognized as earned on the accrual method with one exception. The cost recovery method of income recognition is used for the interest on the WVEDA Non-Recourse Loan held by the Loan Pool. Under this method, interest income will only be recognized once the principal balance of the loan has been recovered.

Dividend Income Dividend income is recognized on the ex-dividend date.

Amortization Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security. The amortization of asset-backed securities considers the effect of prepayments on the life of the security. The effect of changing prepayment assumptions is reported in the Combined Statement of Changes in Fiduciary Net Position in the year of the change.

Allowance for Loan Losses The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio. At June 30, 2020, the Loan Pool had an allowance for uncollectible loans of \$24,057,000.

Distributions to Participants The net income of the WV Money Market and WV Government Money Market Pools are declared as dividends and distributed daily to the participants based upon their pro rata participation in the pools. The distributions of net investment income are credited to the participants' accounts in the form of dividend reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The monthly net income of the WV Short Term Bond Pool is declared as a dividend on the last day of the month and distributed to the participants in the pool on the first day of the following month. Distributions are paid in the form of reinvestments in the pools and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The net income of the WV Bank Pool is determined monthly and reinvested in the pool. The earnings are transferred periodically to the State Participation Account which represents invested cash of the state not specifically allocated to individual agencies.

The net income of the Loan Pool is determined monthly and distributed to the participant on the last day of the month. Distributions are paid in the form of reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The net income of the Reserve Pool is declared as a dividend and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed on the last day of the month.

Expenses Each pool is charged for its direct investment-related cost and for its allocated share of other expenses. The other expenses are allocated to the pools based on asset size. Certain pools are not charged expenses or are charged a reduced expense. The BTI proprietary fund pays all expenses on behalf of the pools and is subsequently reimbursed by the pools.

3. Cash and Cash Equivalents

The proprietary fund's cash on deposit with the State Treasurer's Office was approximately \$1,093,000 at June 30, 2020. The cash is pooled with other deposits from the State's agencies, departments, boards and commissions and is subject to coverage by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the State or its agents in the State's name. Cash equivalents are short-term, highly liquid investments having original maturities of 90 days or less. The proprietary fund did not hold any cash equivalents at June 30, 2020.

Custodial credit risk of cash deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The BTI does not have a deposit policy for custodial

credit risk. BTI management does not believe any of its proprietary fund's deposits are exposed to custodial credit risk.

4. Investments and Deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAm by Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, seven are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, Reserve Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury bills *	P-1	A-1+	\$ 1,017,343	19.76%
Commercial Paper	P-1	A-1+	861,472	16.73
	P-1	A-1	1,834,384	35.62
Negotiable certificates of deposit	P-1	A-1+	302,738	5.88
	P-1	A-1	469,111	9.11
Money market funds	Aaa	AAAm	1,581	0.03
	NR	AAAm	217,022	4.21
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	445,700	8.66
			<u>\$ 5,149,351</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 27,041	10.23%
U.S. Treasury bills *	P-1	A-1+	30,986	11.71
U.S. agency bonds and notes	Aaa	AA+	33,850	12.79
U.S. agency discount notes	P-1	A-1+	125,304	47.36
Money market funds	Aaa	AAAm	177	0.07
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	47,200	17.84
			<u>\$ 264,558</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt be rated BBB- or higher by Standard & Poor's (or its equivalent) and all short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 121,838	15.04%
U.S. agency collateralized mortgage obligations				
U.S. government guaranteed*	Aaa	AA+	20,539	2.54
Non-U.S. government guaranteed	Aaa	AA+	15,762	1.95
Corporate fixed- and floating-rate bonds and notes	Aaa	AAA	3,694	0.46
	Aaa	AA+	6,719	0.83
	Aa1	AA	2,565	0.32
	Aa2	AA+	5,181	0.64
	Aa2	AA	5,753	0.71
	Aa2	AA-	6,432	0.79

* U.S. Treasury issues and certain U.S. agency collateralized mortgage obligations are explicitly guaranteed by the United States government and are not considered to have credit risk.

(Continued on next page)

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
	Aa2	NR	5,954	0.73
	Aa3	AA+	2,076	0.26
	Aa3	AA-	18,385	2.27
	Aa3	A+	5,759	0.71
	Aa3	A	12,477	1.54
	A1	AA-	7,480	0.92
	A1	A+	30,064	3.71
	A1	A	5,150	0.64
	A1	A-	10,553	1.30
	A1	NR	5,283	0.65
	A2	A+	17,992	2.22
	A2	A	33,012	4.08
	A2	A-	28,326	3.50
	A2	NR	3,100	0.38
	A3	A+	9,595	1.18
	A3	A	9,366	1.16
	A3	A-	28,248	3.49
	A3	BBB+	44,538	5.50
	Baa1	A-	11,726	1.45
	Baa1	BBB+	17,585	2.17
	Baa1	BBB	8,656	1.07
	Baa1	NR	2,132	0.26
	Baa2	A-	10,242	1.26
	Baa2	BBB+	10,361	1.28
	Baa2	BBB	38,950	4.81
	Baa2	BBB-	4,404	0.54
	Baa3	BBB	10,276	1.27
	Baa3	BBB-	25,583	3.16
	Ba1	BBB	2,005	0.25
	Ba1	BBB-	8,289	1.02
	NR	A	6,478	0.80
	NR	AA-	1,817	0.22
	NR	BBB+	4,575	0.56
Collateralized mortgage obligations	NR	AAA	2,668	0.33
Municipal Securities	Aaa	AAA	4,060	0.50
	Aa1	AA+	6,475	0.80
	Aa1	AA	8,928	1.10
	Aa1	NR	7,054	0.87
	Aa2	AA	9,872	1.22
	Aa2	AA-	8,337	1.03
	Aa2	NR	3,528	0.44
	NR	AAA	2,618	0.32
	NR	AA+	3,187	0.39
Asset-backed securities	Aaa	AAA	29,701	3.66
	Aaa	NR	40,232	4.97
	Aa1	NR	7,961	0.98
	NR	AAA	38,951	4.81
Money market funds	Aaa	AAAm	7,585	0.94
			<u>\$ 810,077</u>	<u>100.00%</u>

NR = Not Rated

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$171,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the WV Bank Pool.

The Loan Pool is composed of loans made by the State. The pool holds intergovernmental loans and an investment in a money market mutual fund of approximately \$56,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The loans are not rated; however, because there is the potential for defaults on the loans, the pool is subject to credit risk related to the loans. The BTI addresses this credit risk by establishing and regularly evaluating a reserve for uncollectible loans.

The Reserve Pool holds an interest in a money market mutual fund valued at approximately \$2,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the Reserve Pool.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,264,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the School Fund Account.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury bills	\$ 1,017,343	37
Commercial paper	2,695,856	52
Negotiable certificates of deposit	771,849	58
Repurchase agreements	445,700	1
Money market funds	218,603	1
	<u>\$ 5,149,351</u>	44

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 27,041	80
U.S. Treasury bills	30,986	79
U.S. agency bonds and notes	33,850	10
U.S. agency discount notes	125,304	65
Repurchase agreements	47,200	1
Money market funds	177	1
	<u>\$ 264,558</u>	50

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 20 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2020, the effective duration of the benchmark was 662 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes and bonds	\$ 121,838	773
U.S. agency collateralized mortgage obligations	36,301	366
Corporate fixed-rate bonds and notes	454,306	641
Corporate floating-rate bonds and notes	16,475	377
Collateralized mortgage obligations	2,668	752
Municipal Securities	54,059	800
Asset-backed securities	116,845	442
Money market funds	7,585	-
	<u>\$ 810,077</u>	620

The West Virginia Bank Pool holds nonnegotiable certificates of deposit totaling \$67,500,000 with maturity dates ranging from July 2020 through December 2020, and an interest in a money market mutual fund valued at approximately \$171,000. The money market mutual fund has a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The Loan Pool holds an interest in a money market mutual fund in the amount of approximately \$56,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The Reserve Pool maintains funds totaling approximately \$19,900,000 in a bank depository account and an interest in a money market mutual fund valued at approximately \$2,000. The money market mutual fund has a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The Municipal Bond Commission Account holds three State and Local Government Series securities valued at \$80,183,000 with a weighted average maturity of 433 days. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the Municipal Bond Commission Account arising from increasing interest rates.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,264,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The EDA-AW Account holds only a U.S. Treasury bond valued at approximately \$1,718,000 that matures August 15, 2023. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. The WV Bank Pool contains nonnegotiable certificates of deposit valued at \$67,500,000. The Reserve Pool contains funds totaling approximately \$19,900,000 in a bank depository account. The BTI does not have a deposit policy for custodial credit risk.

5. Investments Measured at Fair Value

The BTI measures the WV Short Term Bond Pool, the School Fund Account and the EDA-AW Account at fair value for financial reporting purposes. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The BTI categorizes fair value measurements within the fair value hierarchy established by

accounting principles generally accepted in the United States of America in accordance with GASB Statement No. 72.

The fair value hierarchy established under GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table summarizes the recurring fair value measurements of the investment securities in the WV Short Term Bond Pool in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2020 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 121,838	\$ -	\$ -	\$ 121,838
U.S. agency collateralized mortgage obligations	-	36,301	-	36,301
Corporate fixed-rate bonds and notes	-	454,306	-	454,306
Corporate floating-rate bonds and notes	-	16,475	-	16,475
Collateralized mortgage obligations	-	2,668	-	2,668
Municipal Securities	-	54,059	-	54,059
Asset-backed securities	-	116,845	-	116,845
Money market funds	7,585	-	-	7,585
	<u>\$ 129,423</u>	<u>\$ 680,654</u>	<u>\$ -</u>	<u>\$ 810,077</u>

The valuation methodologies and inputs presented below are used in the fair value measurements for investments in securities in the WV Short Term Bond Pool classified as Level 2 in the preceding table.

U.S. Agency Collateralized Mortgage Obligations

Level 2 U.S. agency collateralized mortgage obligations are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

Corporate Fixed-Rate Bonds and Notes

Level 2 corporate fixed-rate bonds and notes are priced using spread, yield and price based evaluations. For spread- and yield-based evaluations, a bullet (non-call) spread scale is created for relevant maturities for each issuer. The spreads are based on the new issue market, secondary trading and dealer quotes. For

price-based evaluations, evaluators use recently executed transactions of similar securities and dealer quotes to arrive at appropriate pricing.

Corporate Floating-Rate Bonds and Notes

Level 2 corporate floating-rate bonds are evaluated by calculating current and future coupons, then discounting each cash flow by an appropriate discount margin. A basic yield scale covering a range of quality ratings and maturities is established for the corresponding indices. The yield scale consists of discount margins obtained from primary and secondary dealers in the new issue market. Final yields are calculated by adding the appropriate discount margin to each forward rate plus special adjustments to capture issue-specific characteristics, as applicable. The resulting yields are then used to discount each cash flow.

Collateralized Mortgage Obligations

Level 2 collateralized mortgage obligations are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

Commercial Mortgage-Backed Securities

Level 2 commercial mortgage-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, third-party real estate analysis, and prevailing market conditions.

Asset-Backed Securities

Level 2 asset-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

The School Fund Account holds a money market fund reported at a fair value of \$1,264,000 using Level 1 inputs.

The Municipal Bond Commission Account holds Treasury Securities – State and Local Government Series (“SLGS”) issues that are reported at historical cost (face value) of \$80,183,000. SLGS are special purpose securities the U.S. Department of the Treasury issues to state and local government entities, upon request by those entities, to assist them in complying with federal tax laws and Internal Revenue Service arbitrage regulations when they have cash proceeds to invest from their issuance of tax-exempt bonds. There is no market for these securities as they may only be redeemed at the U.S. Department of Treasury on or before their stated maturity date at face value plus accrued interest.

The EDA-AW Account holds a U.S. Treasury bond reported at a fair value of \$1,718,000 using Level 1 inputs.

6. Capital Assets

Capital asset activity in the proprietary fund was as follows (in thousands):

	June 30, 2019	Increases	Decreases	June 30, 2020
Equipment, at cost	\$ 24	\$ 5	\$ 6	\$ 23
Accumulated depreciation	(19)	(4)	(6)	(17)
Equipment, net of accumulated depreciation	\$ 5	\$ 1	\$ -	\$ 6

7. Related Party Transactions

Intergovernmental Investments

The BTI is required by law to enter into certain investment transactions with other state entities. At June 30, 2020, the BTI's intergovernmental investments, which are assets of the Loan Pool, included the following:

- a. The "WVEDA Revolving Loan" is an obligation of the West Virginia Economic Development Authority (WVEDA). The terms of the loan program require the BTI to make available on a revolving basis up to \$175,000,000 for the WVEDA to use to fund economic development initiatives. The interest rate is reset on July 1 of each year and is based on the twelve-month return of the WV Money Market Pool. The rate for the year ending June 30, 2020, was 2.46%. The rate has a 1% annual adjustment cap. The WVEDA makes monthly principal and interest payments calculated on a 120-month amortization of the outstanding balance. At June 30, 2020, the outstanding balance was \$118,523,000.
- b. The "WVEDA Non-recourse Loan" represents an obligation of the WVEDA. The BTI assumed the loan as of July 8, 2005. The loan was originally entered into with the West Virginia Investment Management Board on April 9, 2002. The terms of the loan allow for the WVEDA to borrow up to \$25,000,000 from the BTI through June 29, 2012. As of March 2010, the WVEDA had borrowed the maximum amount. The funds borrowed by the WVEDA are to be loaned, without recourse, to the West Virginia Enterprise Advancement Corporation (WVEAC), for investment in the West Virginia Enterprise Capital Fund, to fund certain venture capital initiatives. The loan earns interest at 3%, which is fixed for the term of the loan. The WVEDA is required to make annual principal payments of \$10,000 plus accrued interest for the first ten years. However, in the event the WVEDA has not received any returns from the investment with the WVEAC, these payments may be deferred through June 30, 2012. Beginning June 30, 2013, the WVEDA was expected to make principal and interest payments sufficient to repay all outstanding principal and accrued interest in full by June 30, 2022. On June 24, 2013, the BTI was notified by the WVEDA that the WVEDA had not received monetary returns from its venture capital investments and therefore would be unable to make the scheduled payment on June 30, 2013. At June 30, 2020, \$24,326,000 of principal was outstanding.

Because of the uncertain collectability of this loan, the BTI has elected to recognize income on a cost recovery basis. Any payments received will be applied to reduce the outstanding principal balances until that balance is fully recovered. Any amounts received after recovery of the principal balance will be recognized as interest income when received. Additionally, a valuation reserve of \$24,057,000 has been accrued at June 30, 2020.

- c. The "WVEDA Broadband Loan" represents an obligation of the WVEDA. During its 2017 regular legislative session, the West Virginia State Legislature passed House Bill 3093 ("HB 3093"). The purpose of HB 3093 was to provide for the enhancement and expansion of broadband internet services throughout the state. Under provisions of the bill, effective July 7, 2017, the BTI is required to make available to the WVEDA, from the Consolidated Fund, up to \$50 million to insure the payment or repayment of any debt entered into by an entity for purposes of expanding broadband services to unserved and underserved areas of the state. The loan is structured as a non-recourse, revolving loan that is payable by the WVEDA solely from moneys received in respect to the insured debt instruments. The WVEDA may not insure more than \$10 million per entity in one calendar year. The loan has a variable rate equal to the 12-month average yield on the WV Money Market Pool. The rate resets quarterly and the maximum annual adjustment may not exceed 1.00%. For the quarter ending June 30, 2020, the annualized rate is 2.11%. The WVEDA is required to make quarterly payments to pay all accrued interest on a loan for the prior quarter. On a quarterly basis, the WVEDA determines the outstanding balance of the insured debt covered by the loan and adjusts the outstanding balance of the loan to equal the outstanding balance of the insured debt. At June 30, 2020, the outstanding balance was \$1,480,000.

As of June 30, 2020, the WVEDA has provided the BTI with a Notice of Intent to Request Advance indicating that the WVEDA is providing insurance, in the amount of \$8,160,000, to insure a broadband expansion loan. The WVEDA does not intend to draw the funds for the loan insurance until there is an event of default on the insured loan. As of June 30, 2020, the insured loan is in good standing and the likelihood of default appears remote.

Transactions with State Treasurer's Office

The State Treasurer's Office provides various services to the BTI, some of which are reimbursed by the BTI, and others of which the Treasurer provides at no cost to the BTI. During the year ended June 30, 2020, the BTI reimbursed the Treasurer's Office \$821,000 for services, which includes \$742,000 for management services provided by Treasurer's Office employees. As of June 30, 2020, the BTI had an amount payable to the Treasurer's Office totaling \$64,000, of which \$56,000 was for management services provided by Treasurer's Office employees. Also during the year, the Treasurer's Office provided services valued at approximately \$20,000 at no cost to the BTI.

8. Risk Management

The BTI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Board members are covered by a \$5 million blanket bond and general liability and property coverage of \$1 million per occurrence through the West Virginia State Board of Risk and Insurance Management ("BRIM"). The BTI has obtained additional coverage of \$5 million faithful performance bond through an outside underwriter. There have been no claims since the inception of the BTI.

9. Effect of New Accounting Pronouncements

The GASB has issued a statement related to accounting and financial reporting for asset retirement obligations related to the retirement of tangible assets: Statement No. 83, *Certain Asset Retirement Obligations*. The objective of Statement No. 83 is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations. The provisions of Statement No 83 are effective for reporting periods beginning

after June 15, 2019. Because the BTI does not have any asset retirement obligations, either required by contract or government mandate, related to retirement of long-lived tangible assets, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for fiduciary activities: Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this statement are effective for reporting periods beginning after December 15, 2019. BTI management has not determined the effect, if any, this statement will have on its financial statements.

The GASB has issued a statement relating to financial accounting and reporting for leases: Statement No. 87, *Leases*. The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and reporting for leases by governments. The provision of this statement are effective for reporting periods beginning after June 15, 2021. Because the BTI does not typically lease assets and has no plans to lease any assets in the near future, it is not currently affected by this statement.

The GASB has issued a statement relating to accounting and financial reporting for debt: Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of Statement No. 88 is to improve information disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions of this statement are effective for reporting periods beginning after June 15, 2019. Because the BTI does not issue debt and does not engage in borrowings, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for interest cost incurred in construction: Statement No. 89, *Interest Cost Incurred before the End of a Construction Period*. The objective of Statement No. 89 is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The provisions of this statement are effective for reporting periods beginning after December 15, 2020. Because the BTI does not engage in borrowing or construction activity, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for major equity interests: Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and 61*. The objectives of Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this statement are effective for reporting periods beginning after December 15, 2019. Because the BTI does not have any majority equity interests in legally separate organizations and does not engage in activities that would result in the BTI acquiring a majority equity interest in a legally separate organization, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for conduit debt obligations: Statement No. 91, *Conduit Debt Obligations*. The objective of Statement No. 91 is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The provisions of this statement are effective for reporting periods beginning after December 15, 2021. Because the BTI does not engage in debt issuance or transactions that would be considered conduit debt obligations, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting related to the replacement of interbank offered rates (“IBORs”) in hedging derivative instruments and leases: Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of Statement No. 93 is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The provisions of this statement are effective for reporting periods beginning after June 15, 2020. Because the BTI does not engage in hedging derivative transactions or leases, it is not affected by this statement.

West Virginia Board of Treasury Investments
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

June 30, 2020

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Assets					
Investments:					
At amortized cost	\$ 5,149,351	\$ 264,558	\$ -	\$ 67,671	\$ 120,328
At fair value	-	-	810,077	-	-
Receivables:					
Accrued interest	1,207	165	5,001	242	247
Dividends	59	-	-	-	-
Other	-	-	26,871	-	-
Total receivables	1,266	165	31,872	242	247
Total assets	5,150,617	264,723	841,949	67,913	120,575
Liabilities					
Accrued expenses	651	47	156	4	6
Dividends payable	-	-	2,924	-	-
Investments purchased	49,992	1,998	25,750	-	-
Total liabilities	50,643	2,045	28,830	4	6
Net Position					
Held in trust for investment pool participants	5,099,974	262,678	813,119	67,909	120,569
Held in trust for individual investment account holders	-	-	-	-	-
Total net position	\$ 5,099,974	\$ 262,678	\$ 813,119	\$ 67,909	\$ 120,569

(Continued)

Reserve Pool	Municipal Bond Commission Account	School Fund Account	Economic Development Authority - American Woodmark Account	Total
\$ 19,902	\$ -	\$ -	\$ -	\$5,621,810
-	80,183	1,264	1,719	893,243
4	172	-	34	7,072
-	-	-	-	59
-	-	-	-	26,871
<u>4</u>	<u>172</u>	<u>-</u>	<u>34</u>	<u>34,002</u>
19,906	80,355	1,264	1,753	6,549,055
-	-	-	-	864
-	-	-	-	2,924
-	-	-	-	77,740
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,528</u>
19,906	-	-	-	6,384,155
-	80,355	1,264	1,753	83,372
<u>\$ 19,906</u>	<u>\$ 80,355</u>	<u>\$ 1,264</u>	<u>\$ 1,753</u>	<u>\$6,467,527</u>

West Virginia Board of Treasury Investments
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

For the Year Ended June 30, 2020

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Additions					
Investment income:					
Interest	\$ 32,597	\$ 1,778	\$ 21,671	\$ 1,445	\$ 2,985
Dividends	2,988	4	169	5	5
Net (amortization) accretion	36,453	2,212	(26)	-	-
Provision for uncollectible loans	-	-	-	-	(89)
Total investment income	72,038	3,994	21,814	1,450	2,901
Investment expenses:					
Investment advisor fees	1,309	90	468	-	-
Custodian bank fees	120	14	26	-	-
Administrative fees	875	65	161	15	24
Total investment expenses	2,304	169	655	15	24
Net investment income	69,734	3,825	21,159	1,435	2,877
Net realized gain from investments	22	7	6,593	-	-
Net increase in fair value of investments	-	-	7,710	-	-
Net increase in net position from operations	69,756	3,832	35,462	1,435	2,877
Participant transaction additions:					
Purchase of pool units by participants	12,967,074	299,466	98,930	1,538	10,011
Reinvestment of pool distributions	69,752	3,832	26,645	1,434	2,877
Contributions to individual investment accounts	-	-	-	-	-
Total participant transaction additions	13,036,826	303,298	125,575	2,972	12,888
Total additions	13,106,582	307,130	161,037	4,407	15,765
Deductions					
Distributions to pool participants:					
Net investment income	69,734	3,825	21,159	1,434	2,877
Net realized gain from investments	22	7	6,593	-	-
Total distributions to pool participants	69,756	3,832	27,752	1,434	2,877
Participant transaction deductions:					
Redemption of pool units by participants	11,907,465	292,779	57,991	1,538	11,721
Withdrawals from individual investment accounts	-	-	-	-	-
Total participant transaction deductions	11,907,465	292,779	57,991	1,538	11,721
Total deductions	11,977,221	296,611	85,743	2,972	14,598
Net increase (decrease) in net position from operations	1,129,361	10,519	75,294	1,435	1,167
Inter-pool transfers in	16,800	-	-	5,500	-
Inter-pool transfers out	(5,500)	-	-	(16,800)	-
Net inter-pool transfers in (out)	11,300	-	-	(11,300)	-
Change in net position	1,140,661	10,519	75,294	(9,865)	1,167
Net position at beginning of period	3,959,313	252,159	737,825	77,774	119,402
Net position at end of period	\$ 5,099,974	\$ 262,678	\$ 813,119	\$ 67,909	\$ 120,569

(Continued)

Reserve Pool	Municipal Bond Commission Account	School Fund Account	Economic Development Authority - American Woodmark Account	Total
\$ 318	\$ 648	\$ -	\$ 90	\$ 61,532
-	-	16	-	3,187
-	-	-	(15)	38,624
-	-	-	-	(89)
<u>318</u>	<u>648</u>	<u>16</u>	<u>75</u>	<u>103,254</u>
-	-	-	-	1,867
-	-	-	-	160
-	1	-	1	1,142
<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>3,169</u>
318	647	16	74	100,085
-	-	-	-	6,622
-	-	-	32	7,742
<u>318</u>	<u>647</u>	<u>16</u>	<u>106</u>	<u>114,449</u>
355	-	-	-	13,377,374
319	-	-	-	104,859
-	109,203	258	-	109,461
<u>674</u>	<u>109,203</u>	<u>258</u>	<u>-</u>	<u>13,591,694</u>
992	109,850	274	106	13,706,143
319	-	-	-	99,348
-	-	-	-	6,622
<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,970</u>
355	-	-	-	12,271,849
-	29,495	437	89	30,021
<u>355</u>	<u>29,495</u>	<u>437</u>	<u>89</u>	<u>12,301,870</u>
674	29,495	437	89	12,407,840
318	80,355	(163)	17	1,298,303
-	-	-	-	22,300
-	-	-	-	(22,300)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
318	80,355	(163)	17	1,298,303
19,588	-	1,427	1,736	5,169,224
<u>\$ 19,906</u>	<u>\$ 80,355</u>	<u>\$ 1,264</u>	<u>\$ 1,753</u>	<u>\$6,467,527</u>

West Virginia Board of Treasury Investments
Schedule of Investments in Securities
June 30, 2020
(In thousands)

WEST VIRGINIA MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U.S. Treasury Bills							
United States Treasury		0.000 %	0.107 %	07/07/2020	50,000	\$ 49,999	\$ 49,999
United States Treasury		0.000	0.133	07/14/2020	40,000	39,998	39,998
United States Treasury		0.000	0.180	07/16/2020	112,750	112,742	112,744
United States Treasury		0.000	0.181	07/21/2020	193,000	192,981	192,988
United States Treasury		0.000	0.167	07/23/2020	77,750	77,742	77,745
United States Treasury		0.000	0.137	07/28/2020	170,000	169,983	169,983
United States Treasury		0.000	0.128	08/06/2020	24,000	23,997	23,997
United States Treasury		0.000	0.128	08/13/2020	50,000	49,993	49,992
United States Treasury		0.000	0.137	08/18/2020	150,000	149,973	149,973
United States Treasury		0.000	0.147	09/15/2020	70,000	69,977	69,979
United States Treasury		0.000	0.181	10/15/2020	80,000	79,958	79,963
Total U. S. Treasury Bills	19.8%					1,017,343	1,017,361
Commercial Paper							
JP Morgan Securities		0.000	1.271	07/01/2020	22,000	22,000	22,000
Atlantic Asset Securitization		0.000	0.071	07/01/2020	61,000	61,000	61,000
Citigroup Global Markets		0.000	1.936	07/01/2020	10,000	10,000	10,000
Gotham Funding Corporation		0.000	1.424	07/01/2020	9,000	9,000	8,999
Nordea Bank		0.000	0.056	07/01/2020	40,000	40,000	40,000
Toronto Dominion Bank		0.000	0.101	07/01/2020	69,500	69,500	69,500
ING Funding LLC		0.443 F	0.443	07/01/2020	10,000	10,000	10,000
Credit Suisse First Boston		0.000	2.018	07/02/2020	10,000	9,999	10,000
Natixis		0.000	1.424	07/02/2020	30,000	29,999	30,000
Antalis SA		0.000	1.169	07/02/2020	10,000	10,000	10,000
Jupiter Securitization Company		0.000	1.782	07/02/2020	15,000	14,999	15,000
Nordea Bank		0.000	0.066	07/02/2020	54,000	54,000	54,000
Collateralized Flex Co LLC		0.483 F	0.482	07/02/2020	10,000	10,000	10,000
ING Funding LLC		0.513 F	0.512	07/02/2020	10,000	10,000	10,000
MUFG Bank		0.000	1.904	07/06/2020	5,000	4,999	4,999
CAFCO LLC		0.000	1.067	07/06/2020	25,000	24,996	24,999
LMA Americas LLC		0.000	1.483	07/06/2020	28,000	27,994	28,000
Sheffield Receivables		0.000	2.450	07/06/2020	45,000	44,985	44,999
Commonwealth Bank of Australia		0.365 F	0.365	07/06/2020	10,000	10,000	10,000
CAFCO LLC		0.000	1.271	07/07/2020	13,500	13,497	13,500
Citigroup Global Markets		0.000	1.271	07/07/2020	20,000	19,996	20,000
Credit Industriel		0.000	0.071	07/07/2020	30,000	30,000	30,000
Liberty Street Funding LLC		0.000	1.374	07/07/2020	10,000	9,998	10,000
Societe Generale		1.437 F	1.437	07/07/2020	10,000	10,000	10,000
Commonwealth Bank of Australia		0.355 F	0.355	07/08/2020	7,000	7,000	7,000
Antalis SA		0.000	1.424	07/09/2020	26,500	26,492	26,499
Charta LLC		0.000	1.302	07/09/2020	25,000	24,993	24,999
Atlantic Asset Securitization		0.390 F	0.390	07/09/2020	8,000	8,000	8,000
Antalis SA		0.000	1.220	07/13/2020	8,000	7,997	8,000
Ciesco LP		0.000	1.842	07/14/2020	25,000	24,984	24,999
Manhattan Asset Funding Company		0.000	1.118	07/14/2020	20,000	19,992	20,000
Versailles		0.000	1.169	07/14/2020	18,500	18,492	18,499
Chariot Funding LLC		0.000	1.118	07/15/2020	25,000	24,989	24,999
ING Funding LLC		0.000	0.915	07/15/2020	20,700	20,693	20,699
Collateralized Flex CO LLC		0.000	1.118	07/16/2020	19,000	18,991	18,999
National Bank of Canada		1.176 F	1.176	07/16/2020	11,000	11,000	11,000
Fed Caisses Desjardins		0.000	1.821	07/17/2020	15,000	14,988	14,999

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F – Floating rate note security.

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** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
SECURITY NAME	% of POOL	COUPON	YIELD	MATURITY	UNITS	AMORTIZED COST	FAIR VALUE*
Mitsubishi UFJ Trust & Banking		0.000	1.016	07/17/2020	25,000	24,989	24,998
Albion Capital Corporation		0.000	1.016	07/20/2020	25,000	24,987	24,999
Manhattan Asset Funding Company		0.000	0.223	07/20/2020	37,075	37,071	37,072
Toyota Motor Credit Corporation		0.000	1.737	07/21/2020	10,000	9,990	9,999
Chariot Funding LLC		0.000	1.425	07/21/2020	2,900	2,898	2,900
Albion Capital Corporation		0.000	0.762	07/22/2020	40,788	40,770	40,785
Barton Capital Corporation		0.000	0.537	07/23/2020	38,200	38,188	38,197
Sumitomo Mitsui Banking Corporation		0.000	0.701	07/23/2020	25,000	24,989	24,998
Credit Industriel		0.000	1.728	07/24/2020	6,000	5,993	6,000
Nationwide Building Society		0.000	0.203	07/24/2020	10,000	9,999	9,999
Versailles		0.000	1.170	07/24/2020	10,000	9,993	9,999
Albion Capital Corporation		0.000	0.494	07/27/2020	19,000	18,993	18,998
Chariot Funding LLC		0.000	0.457	07/27/2020	30,000	29,990	29,997
Mitsubishi UFJ Trust & Banking		0.000	0.508	07/27/2020	21,000	20,992	20,997
Thunder Bay Funding		0.000	1.631	07/27/2020	1,000	999	1,000
Dexia Credit		0.000	1.623	07/28/2020	11,700	11,686	11,699
Barton Capital Corporation		0.000	0.213	07/29/2020	5,000	4,999	4,999
Nationwide Building Society		0.000	0.203	07/30/2020	15,000	14,998	14,998
ABN AMRO Funding		0.000	0.966	07/31/2020	10,000	9,992	9,999
Great Bridge Capital		0.000	0.254	07/31/2020	25,000	24,995	24,997
Manhattan Asset Funding Company		0.000	0.193	07/31/2020	10,000	9,998	9,998
Versailles		0.000	0.254	07/31/2020	20,000	19,996	19,997
Cancara Asset Securitization		0.000	0.376	08/03/2020	20,000	19,993	19,997
Collateralized Flex Co LLC		0.000	1.738	08/03/2020	10,000	9,984	9,999
Antalis SA		0.000	0.355	08/03/2020	15,000	14,995	14,997
ING Funding LLC		0.000	1.027	08/03/2020	25,000	24,977	24,997
Versailles	0.326	F	0.338	08/03/2020	10,000	10,000	9,999
Dexia Credit	0.000		0.508	08/04/2020	30,000	29,986	29,996
Royal Bank of Canada	0.404	F	0.414	08/05/2020	10,000	10,000	10,002
Antalis SA	0.000		0.335	08/06/2020	15,000	14,995	14,997
Oversea-Chinese Bank	0.621	F	0.621	08/06/2020	7,000	7,000	7,000
Fairway Finance Corporation	0.000		0.936	08/07/2020	25,000	24,976	24,994
Ciesco LP	0.000		0.233	08/13/2020	15,000	14,996	14,996
Sheffield Receivables	0.000		1.242	08/13/2020	10,000	9,985	9,997
Old Line Funding Corporation	0.000		1.686	08/17/2020	15,000	14,967	14,997
Sheffield Receivables	0.000		0.264	08/18/2020	13,000	12,995	12,996
KFW Bank	0.000		0.967	08/19/2020	2,000	1,997	2,000
Atlantic Asset Securitization	0.000		0.467	08/20/2020	15,000	14,990	14,996
LMA Americas LLC	0.000		0.264	08/20/2020	15,500	15,494	15,494
HSBC Bank PLLC	0.260	F	0.260	08/20/2020	10,000	10,000	10,001
Thunder Bay Funding	0.000		1.635	08/24/2020	25,000	24,940	24,994
MUFG Bank	0.000		1.615	08/24/2020	23,000	22,945	22,992
Societe Generale	0.000		0.605	08/24/2020	35,000	34,969	34,992
MUFG Bank	0.000		0.691	08/25/2020	25,000	24,974	24,991
Chevron Corporation	0.000		0.865	08/26/2020	7,500	7,490	7,498
Sumitomo Mitsui Banking Corporation	0.000		0.315	08/26/2020	25,000	24,988	24,993
MUFG Bank	0.000		1.502	08/28/2020	5,000	4,988	4,998
Toronto Dominion Bank	0.000		0.233	08/31/2020	15,000	14,994	14,995
Gotham Funding Corporation	0.000		0.243	09/01/2020	15,000	14,994	14,993
Societe Generale	0.000		0.416	09/02/2020	22,000	21,984	21,993
Atlantic Asset Securitization	0.000		1.179	09/03/2020	28,400	28,341	28,393
Old Line Funding Corporation	0.000		0.978	09/08/2020	12,000	11,978	11,994
BNG Bank NV	0.000		0.896	09/08/2020	25,000	24,958	24,995
LMA Americas LLC	0.000		0.355	09/08/2020	15,000	14,990	14,993
Old Line Funding Corporation	0.000		0.345	09/10/2020	10,000	9,993	9,995

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Dexia Credit		0.000	0.508	09/14/2020	11,000	10,989	10,996
Dexia Credit		0.000	0.538	09/21/2020	8,000	7,990	7,997
Sumitomo Mitsui Banking Corporation		0.000	0.289	09/21/2020	12,000	11,992	11,993
Coca-Cola Company		0.000	1.275	09/22/2020	1,750	1,745	1,749
Versailles		0.000	0.274	09/25/2020	20,000	19,987	19,988
Sheffield Receivables		0.000	0.284	09/25/2020	20,000	19,987	19,987
Fairway Finance Corporation		0.000	1.378	09/29/2020	25,000	24,915	24,983
DZ Bank		0.000	0.223	09/30/2020	20,000	19,989	19,990
Versailles		0.000	0.304	10/02/2020	40,000	39,969	39,972
Collateralized Flex Co LLC		0.404	F 0.237	10/05/2020	10,000	10,000	10,002
Svenska Handelsbanken		0.354	F 0.187	10/05/2020	11,000	11,000	11,001
Toronto Dominion Bank		0.494	F 0.327	10/05/2020	10,000	10,000	10,006
Thunder Bay Funding		0.000	1.409	10/07/2020	25,000	24,906	24,986
Ciesco LP		0.000	1.275	10/08/2020	10,000	9,966	9,993
Sheffield Receivables		0.000	0.294	10/08/2020	20,000	19,984	19,985
Commonwealth Bank of Australia		0.326	F 1.402	10/08/2020	7,000	7,000	7,001
Banque et Caisse d'Epargne		0.000	0.569	10/09/2020	20,000	19,969	19,989
Bedford Row Funding		0.000	1.954	10/09/2020	5,000	4,973	4,999
Oversea-Chinese Bank		0.000	0.254	10/09/2020	9,500	9,493	9,493
Collateralized Flex Co LLC		1.400	F 1.400	10/09/2020	10,000	10,000	10,002
ING Funding LLC		1.380	F 1.380	10/09/2020	15,000	15,000	15,000
Fairway Finance Corporation		0.000	1.224	10/14/2020	6,278	6,256	6,273
Banque et Caisse d'Epargne		0.000	0.580	10/15/2020	20,000	19,966	19,988
Citigroup Global Markets		0.000	1.824	10/15/2020	3,000	2,984	2,999
Fairway Finance Corporation		0.000	1.173	10/16/2020	5,000	4,983	4,996
Thunder Bay Funding		0.000	1.245	10/19/2020	10,000	9,963	9,994
Fairway Finance Corporation		0.000	1.070	10/19/2020	5,000	4,984	4,996
ABN AMRO Funding		0.000	0.315	10/21/2020	15,000	14,986	14,983
Bedford Row Funding		1.193	F 1.193	10/23/2020	10,000	10,000	10,005
Fairway Finance Corporation		0.000	0.661	10/26/2020	7,500	7,484	7,493
Old Line Funding Corporation		0.000	1.019	10/26/2020	7,500	7,476	7,495
Toyota Motor Credit Corporation		0.000	1.759	10/27/2020	20,000	19,887	19,984
Old Line Funding Corporation		0.000	0.284	10/28/2020	10,000	9,991	9,994
Toyota Motor Credit Corporation		0.000	1.523	10/29/2020	10,800	10,746	10,791
Kells Funding LLC		0.000	0.284	10/30/2020	18,000	17,983	17,985
Canadian Imperial Bank		0.696	F 0.696	11/04/2020	10,000	10,000	10,005
Banque et Caisse d'Epargne		0.000	0.355	11/05/2020	5,000	4,994	4,996
Toyota Motor Credit Corporation		0.000	1.687	11/05/2020	25,000	24,854	24,977
Toyota Motor Credit Corporation		0.000	1.563	11/06/2020	7,500	7,459	7,493
Bank of Nova Scotia		0.578	F 0.578	11/09/2020	10,000	10,000	10,005
Glencove Funding LLC		0.542	F 0.543	11/10/2020	16,000	16,000	16,000
Citigroup Global Markets		0.000	1.689	11/12/2020	6,000	5,963	5,996
Jupiter Securitization Company		0.000	0.355	11/12/2020	15,000	14,980	14,983
Sumitomo Mitsui Banking Corporation		0.000	0.427	11/12/2020	10,000	9,984	9,988
Bedford Row Funding		0.563	F 0.564	11/13/2020	10,000	10,000	10,005
Toronto Dominion Bank		0.573	F 0.574	11/13/2020	15,000	15,000	15,008
Collateralized Flex CO LLC		0.000	0.335	11/16/2020	20,000	19,975	19,977
Chariot Funding LLC		0.000	0.335	11/17/2020	5,000	4,994	4,995
European Investment Bank		0.000	1.462	11/20/2020	5,000	4,972	4,997
Apple Inc		0.000	1.472	11/20/2020	5,000	4,972	4,995
Chariot Funding LLC		0.000	0.335	11/20/2020	15,000	14,980	14,986
European Investment Bank		0.000	1.411	11/23/2020	25,000	24,861	24,983
Fairway Finance Corporation		0.000	0.315	11/23/2020	15,000	14,981	14,982
LMA Americas LLC		0.000	0.355	11/23/2020	15,000	14,979	14,979
Collateralized Flex Co LLC		0.000	0.345	11/25/2020	25,000	24,965	24,969

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Anglesea Funding LLC		0.421	F	0.423	11/25/2020	12,500	12,500
Old Line Funding Corporation		0.000		0.345	12/01/2020	10,000	9,986
Gotham Funding Corporation		0.000		0.355	12/02/2020	8,500	8,487
Dexia Credit		0.000		0.305	12/07/2020	10,000	9,987
Old Line Funding Corporation		0.000		0.355	12/09/2020	10,000	9,984
Westpac Banking Corporation		0.463	F	0.463	12/14/2020	25,000	25,015
Collateralized Flex CO LLC		0.000		0.356	12/16/2020	25,000	24,959
Westpac Banking Corporation		0.458	F	0.458	12/18/2020	15,000	15,000
Old Line Funding Corporation		0.000		0.345	12/22/2020	6,000	5,990
Collateralized Flex Co LLC		0.000		0.356	12/23/2020	10,000	9,983
DBS Bank LTD		0.000		0.305	12/23/2020	14,000	13,980
CAFCO LLC		0.000		0.305	01/06/2021	5,000	4,992
Bedford Row Funding		0.363	F	0.375	01/07/2021	10,000	10,000
DBS Bank LTD		0.000		0.345	01/11/2021	14,000	13,974
Collateralized Flex Co LLC		0.000		0.356	01/13/2021	10,000	9,983
ANZ National LTD		1.299	F	1.299	01/15/2021	10,000	10,000
Westpac Banking Corporation		1.289	F	1.289	01/15/2021	9,000	9,000
Thunder Bay Funding		0.000		0.345	01/19/2021	15,000	14,971
Commonwealth Bank of Australia		1.148	F	1.148	01/22/2021	9,700	9,700
Old Line Funding Corporation		0.000		0.356	02/01/2021	5,000	4,990
Westpac Banking Corporation		0.727	F	0.727	02/01/2021	8,000	8,000
Canadian Imperial Bank		0.300	F	0.290	02/05/2021	5,000	5,000
Total Commercial Paper	52.4%					2,695,856	2,697,506
Negotiable Certificates of Deposit							
Bank of Nova Scotia		0.453	F	0.453	07/01/2020	10,000	10,000
Canadian Imperial Bank		0.453	F	0.453	07/01/2020	10,000	10,000
KBC Bank		0.110		0.110	07/06/2020	30,000	30,000
Norinchukin Bank		0.080		0.080	07/06/2020	30,000	30,000
Nordea Bank		0.445	F	0.445	07/07/2020	10,000	10,000
Sumitomo Mitsui Banking Corporation		0.375	F	0.375	07/07/2020	11,000	11,000
Oversea-Chinese Bank		1.800		1.800	07/07/2020	5,000	5,000
Nordea Bank		1.601	F	1.397	07/10/2020	10,000	10,001
Australia & New Zealand Bank		0.455	F	0.455	07/15/2020	7,000	7,000
Sumitomo Mitsui Banking Corporation		1.000		1.000	07/16/2020	25,000	25,010
Oversea-Chinese Bank		0.840		0.840	07/17/2020	10,000	10,000
Norinchukin Bank		0.500		0.350	07/24/2020	8,600	8,601
Skandinav Enskilda Bank		0.458	F	0.458	07/31/2020	10,000	10,000
Oversea-Chinese Bank		0.444	F	0.444	08/05/2020	10,000	10,000
DZ Bank NY		0.240		0.240	08/12/2020	20,000	20,000
Cooperative Rabobank		0.504	F	0.504	08/14/2020	4,000	4,000
Mitsubishi UFJ Trust & Banking		0.470		0.470	08/17/2020	10,000	10,000
Oversea-Chinese Bank		1.630		1.630	08/19/2020	10,000	10,000
Toronto Dominion Bank		0.440	F	0.430	08/20/2020	15,000	15,000
Canadian Imperial Bank		0.440	F	0.430	08/28/2020	5,000	5,000
Bank of Nova Scotia		0.450	F	0.440	09/03/2020	15,000	15,000
BNZ International Funding		0.441	F	0.441	09/04/2020	6,000	6,000
Bank of Montreal		0.435	F	0.435	09/08/2020	20,000	20,000
Sumitomo Mitsui Banking Corporation		0.300		0.300	09/08/2020	10,000	10,000
Bank of Nova Scotia		0.490	F	0.480	09/14/2020	10,000	10,000
Mizuho Bank		0.270		0.270	09/17/2020	10,000	10,000
Toronto Dominion Bank		0.408	F	0.408	09/18/2020	10,000	10,000
Royal Bank of Canada		0.420	F	0.400	09/21/2020	25,000	25,012
Bank of Nova Scotia		0.425	F	0.425	09/23/2020	25,000	25,010

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Toronto Dominion Bank		0.474 <i>F</i>	0.474	09/28/2020	7,500	7,500	7,504
Sumitomo Mitsui Banking Corporation		0.310	0.310	10/01/2020	15,000	15,000	15,002
Skandinav Enskilda Bank		1.453 <i>F</i>	0.217	10/05/2020	10,000	10,000	10,003
Bank of Nova Scotia		1.820	1.650	10/06/2020	25,000	25,010	25,111
Cooperative Rabobank		1.437 <i>F</i>	1.437	10/07/2020	7,000	7,000	7,001
Oversea-Chinese Bank		0.250	0.250	10/09/2020	5,000	5,000	5,000
Toronto Dominion Bank		0.500 <i>F</i>	0.500	10/20/2020	10,000	10,000	10,007
Bank of Nova Scotia		1.259 <i>F</i>	1.259	10/21/2020	10,000	10,000	10,005
Oversea-Chinese Bank		0.330 <i>F</i>	0.330	10/22/2020	9,750	9,750	9,752
National Australia Bank		0.621 <i>F</i>	0.621	11/06/2020	10,000	10,000	10,004
Sumitomo Mitsui Banking Corporation		0.450	0.450	11/09/2020	15,000	15,000	15,007
Skandinav Enskilda Bank		0.271 <i>F</i>	0.271	11/12/2020	3,000	3,000	2,998
Bank of Montreal		0.574 <i>F</i>	0.574	11/13/2020	10,000	10,000	10,005
Bank of Montreal		0.526 <i>F</i>	0.526	11/18/2020	10,000	10,000	10,005
Bank of Montreal		0.451 <i>F</i>	0.451	12/04/2020	10,000	10,000	10,004
Westpac Banking Corporation		0.468 <i>F</i>	0.468	12/07/2020	6,000	6,000	6,003
Anglesea Funding LLC		0.441 <i>F</i>	0.441	12/09/2020	30,000	30,000	30,000
Westpac Banking Corporation		0.465 <i>F</i>	0.465	12/11/2020	20,000	20,000	20,012
Canadian Imperial Bank		0.429 <i>F</i>	0.429	01/04/2021	5,000	5,000	5,005
Westpac Banking Corporation		0.571 <i>F</i>	0.664	02/05/2021	23,000	22,987	22,997
Bank of Montreal		0.535 <i>F</i>	0.535	02/12/2021	15,000	15,000	15,003
Royal Bank of Canada		0.350 <i>F</i>	0.330	02/26/2021	10,000	10,000	10,000
Toronto Dominion Bank		1.430	1.430	02/26/2021	7,000	7,000	7,051
Royal Bank of Canada		0.650 <i>F</i>	0.630	03/09/2021	15,000	15,000	15,031
Bank of Montreal		0.918 <i>F</i>	1.970	04/09/2021	5,000	5,000	5,021
Toronto Dominion Bank		1.291 <i>F</i>	1.291	04/27/2021	10,000	10,000	10,017
Canadian Imperial Bank		0.500	0.500	05/13/2021	31,000	31,000	31,034
Toronto Dominion Bank		0.500	0.500	05/13/2021	15,000	15,000	15,014
Royal Bank of Canada		0.970	0.970	05/24/2021	16,500	16,500	16,589
Canadian Imperial Bank		0.430	0.430	05/28/2021	10,000	10,000	10,004
Canadian Imperial Bank		0.428 <i>F</i>	0.420	06/10/2021	25,000	14,500	14,511
Total Negotiable Certificates of Deposit	14.9%					771,849	772,399
Repurchase Agreements							
Bank of America Securities		0.070	0.070	07/01/2020	145,300	145,300	145,300
BNP Paribas SA		0.070	0.070	07/01/2020	300,400	300,400	300,400
Total Repurchase Agreements	8.7%					445,700	445,700
Money Market Funds							
Federated		0.100 **			200	200	200
Federated		0.300 **			216,993	217,022	217,144
BlackRock Liquidity		0.100 **			1,381	1,381	1,381
Total Money Market Funds	4.2%					218,603	218,725
Total Money Market Pool	100.0%					\$ 5,149,351	\$ 5,151,691

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F – Floating rate note security.

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** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U.S. Treasury Notes							
United States Treasury		1.500 %	1.616 %	07/15/2020	2,500	\$ 2,500	\$ 2,501
United States Treasury		2.000	1.630	07/31/2020	2,500	2,501	2,504
United States Treasury		2.625	1.627	08/15/2020	3,500	3,504	3,511
United States Treasury		2.125	1.639	08/31/2020	2,500	2,502	2,508
United States Treasury		1.375	1.621	09/15/2020	1,500	1,499	1,504
United States Treasury		1.375	1.661	09/30/2020	1,500	1,499	1,504
United States Treasury		2.750	1.356	09/30/2020	1,500	1,505	1,509
United States Treasury		2.000	1.235	09/30/2020	4,000	4,007	4,018
United States Treasury		1.625	1.231	10/15/2020	3,500	3,504	3,515
United States Treasury		1.375	0.768	10/31/2020	2,000	2,004	2,008
United States Treasury		2.000	0.421	11/30/2020	1,000	1,007	1,007
United States Treasury		2.000	0.390	01/15/2021	1,000	1,009	1,010
Total U. S. Treasury Notes	10.2%					27,041	27,099
U.S. Treasury Bills							
United States Treasury		0.000	0.124	07/14/2020	2,000	2,000	2,000
United States Treasury		0.000	1.461	08/06/2020	2,000	1,997	2,000
United States Treasury		0.000	0.102	08/11/2020	5,000	4,999	4,999
United States Treasury		0.000	0.138	08/25/2020	2,000	2,000	2,000
United States Treasury		0.000	0.150	09/03/2020	2,000	1,999	2,000
United States Treasury		0.000	0.173	09/10/2020	2,000	1,999	1,999
United States Treasury		0.000	0.175	09/17/2020	2,000	1,999	1,999
United States Treasury		0.000	0.137	10/06/2020	2,000	1,999	1,999
United States Treasury		0.000	0.188	10/08/2020	2,000	1,999	1,999
United States Treasury		0.000	0.179	10/15/2020	2,000	1,999	1,999
United States Treasury		0.000	0.185	10/20/2020	2,000	1,999	1,999
United States Treasury		0.000	0.178	10/27/2020	2,000	1,999	1,999
United States Treasury		0.000	0.178	11/03/2020	2,000	1,999	1,999
United States Treasury		0.000	0.176	11/17/2020	2,000	1,999	1,999
Total U. S. Treasury Bills	11.7%					30,986	30,990
U. S. Government Agency Bonds and Notes							
Federal Home Loan Bank		0.248 F	0.247	07/02/2020	1,500	1,500	1,500
Federal Home Loan Bank		0.200 F	0.180	07/17/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.120 F	0.100	08/19/2020	1,000	1,000	1,000
Federal Home Loan Bank		0.130 F	0.110	08/21/2020	1,000	1,000	1,000
Federal Home Loan Mortgage Corporation		0.110 F	0.090	08/25/2020	1,000	1,000	1,000
Federal Farm Credit Bank		0.203 F	0.252	09/09/2020	1,500	1,500	1,501
Federal National Mortgage Association		0.140 F	0.120	09/11/2020	1,500	1,500	1,500
Federal Home Loan Bank		0.220 F	0.200	10/07/2020	1,000	1,000	1,000
Federal Farm Credit Bank		0.180 F	0.180	11/27/2020	1,000	1,000	1,000
Federal Home Loan Bank		0.154 F	0.154	12/17/2020	1,750	1,750	1,750
Federal Home Loan Bank		0.143 F	0.140	01/08/2021	2,500	2,500	2,499
Federal Home Loan Bank		0.200	0.199	01/19/2021	1,000	1,000	1,000
Federal Home Loan Bank		0.134 F	0.134	01/27/2021	1,000	1,000	1,000
Federal Home Loan Bank		0.161 F	0.161	02/12/2021	1,500	1,500	1,500
Federal Home Loan Mortgage Corporation		0.125 F	0.105	02/26/2021	2,600	2,600	2,598
Federal Home Loan Mortgage Corporation		0.150 F	0.130	03/05/2021	3,000	3,000	2,998
Federal Farm Credit Bank		0.210 F	0.190	05/18/2021	1,000	1,000	1,000
Federal National Mortgage Association		0.230 F	0.205	06/11/2021	2,000	2,000	2,000

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL (Continued)								
SECURITY NAME	% of POOL	COUPON		YIELD	MATURITY	UNITS	AMORTIZED COST	FAIR VALUE*
Federal Home Loan Mortgage Corporation		0.290	F	0.270	05/11/2022	2,000	2,000	1,999
Federal National Mortgage Association		0.280	F	0.260	05/13/2022	2,000	2,000	2,000
Federal National Mortgage Association		0.300	F	0.280	06/15/2022	2,000	2,000	1,999
Total U. S. Government Agency Bonds and Notes	12.8%						33,850	33,844
U.S. Agency Discount Notes								
Federal Home Loan Bank		0.000		1.599	07/06/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.171	07/08/2020	5,000	5,000	5,000
Federal Farm Credit Bank		0.000		0.101	07/13/2020	5,000	5,000	5,000
Federal Home Loan Bank		0.000		0.122	07/14/2020	5,700	5,700	5,700
Federal Home Loan Bank		0.000		0.582	07/15/2020	6,500	6,499	6,500
Federal National Mortgage Association		0.000		0.284	07/15/2020	2,500	2,500	2,500
Federal Home Loan Bank		0.000		0.284	07/17/2020	3,000	3,000	3,000
Federal Home Loan Mortgage Corporation		0.000		0.691	07/17/2020	4,000	3,999	4,000
Federal Home Loan Bank		0.000		0.203	07/20/2020	5,000	4,999	5,000
Federal Home Loan Mortgage Corporation		0.000		0.112	07/20/2020	3,500	3,500	3,500
Federal Home Loan Bank		0.000		0.187	07/22/2020	7,150	7,149	7,149
Federal Home Loan Bank		0.000		0.101	07/24/2020	5,000	5,000	5,000
Federal Home Loan Bank		0.000		0.116	07/29/2020	3,000	3,000	3,000
Federal Home Loan Bank		0.000		0.250	08/03/2020	7,500	7,498	7,499
Federal Farm Credit Bank		0.000		1.584	08/04/2020	2,500	2,496	2,500
Federal Home Loan Mortgage Corporation		0.000		0.081	08/04/2020	3,000	3,000	3,000
Federal National Mortgage Association		0.000		0.183	08/13/2020	500	500	500
Federal Home Loan Mortgage Corporation		0.000		0.824	08/19/2020	4,000	3,996	3,999
Federal Home Loan Mortgage Corporation		0.000		0.142	08/20/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.122	08/21/2020	3,000	2,999	2,999
Federal National Mortgage Association		0.000		0.223	09/02/2020	3,000	2,999	2,999
Federal Home Loan Bank		0.000		0.152	09/04/2020	2,000	1,999	1,999
Federal Home Loan Bank		0.000		0.132	09/15/2020	3,500	3,499	3,499
Federal National Mortgage Association		0.000		0.193	09/16/2020	2,000	1,999	1,999
Federal Home Loan Mortgage Corporation		0.000		0.132	09/17/2020	3,000	2,999	2,999
Federal Home Loan Bank		0.000		0.146	09/25/2020	2,000	1,999	1,999
Federal Farm Credit Bank		0.000		0.162	09/28/2020	2,000	1,999	1,999
Federal Farm Credit Bank		0.000		0.081	10/02/2020	3,000	2,999	2,999
Federal Farm Credit Bank		0.000		0.203	11/06/2020	2,000	1,999	1,999
Federal Home Loan Bank		0.000		0.157	11/18/2020	3,000	2,998	2,998
Federal Home Loan Bank		0.000		0.173	12/02/2020	3,000	2,998	2,997
Federal Home Loan Bank		0.000		0.177	12/18/2020	4,000	3,997	3,996
Federal Farm Credit Bank		0.000		0.152	12/23/2020	3,000	2,997	2,997
Federal Home Loan Bank		0.000		0.177	12/23/2020	5,000	4,996	4,996
Federal Home Loan Bank		0.000		0.166	12/30/2020	2,000	1,998	1,998
Federal Home Loan Bank		0.000		0.188	05/26/2021	1,500	1,497	1,498
Federal Home Loan Bank		0.000		0.188	06/24/2021	1,500	1,497	1,498
Total U.S. Agency Discount Notes	47.4%						125,304	125,315
Repurchase Agreements								
Bank of America Securities		0.070		0.040	05/01/2020	47,200	47,200	47,200
Total Repurchase Agreements	17.8%						47,200	47,200

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
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(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL (Continued)

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Money Market Funds							
BlackRock Liquidity		0.100 **			177	177	177
Total Money Market Funds	0.1%					177	177
Total Government Money Market Pool	100.0%					\$ 264,558	\$ 264,625

WEST VIRGINIA SHORT TERM BOND POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U. S. Treasury Notes and Bonds							
United States Treasury		1.875 %	1.745 %	01/31/2022	38,700	\$ 38,776	\$ 39,736
United States Treasury		1.875	1.731	08/31/2022	32,307	32,405	33,497
United States Treasury		1.500	0.887	01/15/2023	34,000	34,522	35,140
United States Treasury		1.375	0.248	06/30/2023	13,000	13,437	13,465
Total U. S. Treasury Notes and Bonds	15.0%					119,140	121,838
U.S. Agency Collateralized Mortgage Obligations							
Federal Home Loan Mortgage Corporation		0.435 F	0.528	03/15/2021	1	1	1
FRESB Multifamily Mortgage Corporation		1.810	2.092	06/25/2021	2,438	2,431	2,466
Federal Home Loan Mortgage Corporation		1.749	1.914	02/25/2022	746	744	753
Federal Home Loan Mortgage Corporation		2.864	2.801	08/25/2022	3,174	3,171	3,287
Federal Home Loan Mortgage Corporation		2.838	1.679	09/25/2022	3,137	3,173	3,280
Government National Mortgage Association		4.000	2.366	09/16/2026	1,607	1,684	1,731
Federal Home Loan Mortgage Corporation		0.785 F	0.772	08/15/2030	72	72	71
Federal Home Loan Mortgage Corporation		0.685 F	0.734	09/15/2030	41	40	41
Federal Home Loan Mortgage Corporation		0.585 F	0.585	07/15/2031	33	33	33
Federal Home Loan Mortgage Corporation		0.635 F	0.632	12/15/2031	89	89	89
Federal Home Loan Mortgage Corporation		0.585 F	0.583	01/15/2033	131	131	131
Federal National Mortgage Association		0.435 F	0.757	03/25/2036	554	554	543
Federal National Mortgage Association		1.750	1.835	05/25/2040	2,165	2,147	2,194
Federal National Mortgage Association		1.750	1.777	08/25/2042	2,869	2,859	2,874
Government National Mortgage Association		0.703 F	1.167	12/20/2060	1,746	1,731	1,740
Government National Mortgage Association		0.803 F	1.214	12/20/2060	1,717	1,719	1,715
Government National Mortgage Association		0.903 F	1.292	02/20/2061	2,225	2,237	2,228
Government National Mortgage Association		0.803 F	1.214	06/20/2062	2,280	2,283	2,278
Government National Mortgage Association		0.823 F	1.229	08/20/2062	1,009	1,011	1,009
Government National Mortgage Association		0.643 F	1.086	12/20/2062	1,403	1,396	1,397
Government National Mortgage Association		0.703 F	1.132	03/20/2063	1,818	1,814	1,812
Government National Mortgage Association		0.753 F	1.172	04/20/2063	1,656	1,655	1,653
Government National Mortgage Association		1.003 F	1.381	08/20/2063	2,454	2,474	2,463
Government National Mortgage Association		0.703 F	1.138	04/20/2065	2,520	2,511	2,512
Total U.S. Agency Collateralized Mortgage Obligations	4.5%					35,960	36,301
Corporate Fixed-Rate Bonds and Notes							
Georgia Pacific LLC		5.400	3.528	11/01/2020	4,000	4,025	4,064
Huntington National Bank		3.250	3.291	05/14/2021	4,000	3,999	4,089

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2020
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Coventry Health Care Inc		5.450	3.761	06/15/2021	1,000	1,016	1,026
Tyson Foods Inc		2.250	2.299	08/23/2021	1,310	1,309	1,330
Ryder System Inc		2.250	2.296	09/01/2021	1,250	1,249	1,267
Carolina Power & Light		3.000	1.985	09/15/2021	3,000	3,036	3,065
Smithfield Foods Inc		2.650	2.732	10/03/2021	1,290	1,289	1,276
National Australia		3.700	3.741	11/04/2021	4,300	4,298	4,484
Credit Suisse		2.100	2.106	11/12/2021	2,250	2,250	2,297
Public Service Enterprise Group		2.000	2.372	11/15/2021	5,428	5,401	5,516
AerCap Ireland Capital		4.450	4.497	12/16/2021	2,550	2,548	2,575
John Deere Capital Corporation		3.200	3.234	01/10/2022	5,500	5,497	5,735
Westpac Banking Corporation		2.800	3.194	01/11/2022	4,050	4,026	4,199
Sumitomo Mitsui Financial		2.846	3.469	01/11/2022	2,300	2,279	2,376
Royal Bank of Canada		2.750	2.086	02/01/2022	6,200	6,264	6,432
Pacificorp		2.950	2.950	02/01/2022	5,500	5,500	5,691
Jackson National Life Global		3.300	2.844	02/01/2022	4,200	4,229	4,365
Key Bank NA		3.300	3.221	02/01/2022	5,500	5,507	5,731
FMC Corporation		3.950	3.505	02/01/2022	3,320	3,343	3,443
Caterpillar Financial Services		2.950	2.967	02/26/2022	5,365	5,364	5,588
AT&T Inc		3.200	3.384	03/01/2022	6,000	5,982	6,261
Regency Energy Partner		5.875	4.208	03/01/2022	5,000	5,133	5,276
Toyota Industries Corporation		3.110	3.104	03/12/2022	5,500	5,500	5,665
Burlington North Santa Fe		3.050	2.966	03/15/2022	2,300	2,303	2,392
Cadillac Fairview Property		3.125	3.084	03/20/2022	5,395	5,398	5,521
ING Group		3.150	2.525	03/29/2022	6,300	6,367	6,550
Huntington National Bank		3.125	3.155	04/01/2022	1,825	1,824	1,903
Midwest Connector Capital Corporation		3.625	3.054	04/01/2022	6,000	6,058	6,147
WEA Finance LLC		3.150	2.308	04/05/2022	2,820	2,861	2,861
Credit Suisse		2.800	2.802	04/08/2022	3,250	3,250	3,372
MassMutual Global Funding		2.500	3.264	04/13/2022	2,000	1,974	2,076
Saudi Arabian Oil Company		2.750	2.843	04/16/2022	5,175	5,166	5,283
DBS Group Holdings		2.850	2.635	04/16/2022	5,750	5,771	5,954
Goldman Sachs Group Inc		3.000	3.408	04/26/2022	11,679	11,595	11,905
Avolon Holdings		3.625	3.647	05/01/2022	3,885	3,883	3,662
Guardian Life GLOB Fund		2.500	3.617	05/08/2022	5,000	4,901	5,181
International Business Machines		2.850	2.869	05/13/2022	5,302	5,300	5,547
Consumers Energy Company		2.850	2.745	05/15/2022	2,715	2,720	2,827
Costco Wholesale Corporation		2.300	1.031	05/18/2022	1,500	1,535	1,546
Compass Bank		2.875	2.908	06/29/2022	2,000	1,999	2,046
Athene Global Funding		3.000	3.215	07/01/2022	6,325	6,299	6,478
Penske Truck Leasing		4.875	3.799	07/11/2022	5,000	5,104	5,326
Mitsubishi UFJ Financial Group		2.623	2.350	07/18/2022	4,000	4,022	4,155
Reliance Stand Life II		2.625	2.639	07/22/2022	6,000	5,998	6,163
Charter Communications		4.464	3.277	07/23/2022	2,800	2,865	2,986
Federal Realty Investment Trust		3.000	3.686	08/01/2022	3,885	3,832	3,962
Baltimore Gas & Electric Company		2.800	2.388	08/15/2022	3,631	3,662	3,778
Philip Morris International Inc		2.375	2.425	08/17/2022	3,897	3,893	4,047
Centerpoint Energy Inc		2.500	3.004	09/01/2022	5,828	5,767	6,032
Ryder System Inc		2.500	2.405	09/01/2022	4,000	4,008	4,118
VISA Inc		2.150	2.214	09/15/2022	4,000	3,995	4,157
National Rural Utilities		2.300	2.301	09/15/2022	3,600	3,600	3,736
Korea Hydro & Nuclear Power		3.000	3.821	09/19/2022	5,500	5,405	5,753
PRICOA Global Funding		2.450	2.424	09/21/2022	5,330	5,333	5,545
PAYPAL Holdings Inc		2.200	2.240	09/26/2022	4,700	4,696	4,865
UnitedHealth Group Inc		2.375	2.285	10/15/2022	3,000	3,006	3,139
ERAC USA Finance LLC		3.300	2.125	10/15/2022	5,000	5,130	5,176

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West Virginia Board of Treasury Investments
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(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Macquarie Bank LTD		2.100	2.114	10/17/2022	6,000	5,998	6,165
Bank of America Corporation		2.503	3.831	10/21/2022	4,000	3,884	4,095
Constellation Brands Inc		2.650	2.787	11/07/2022	5,500	5,483	5,737
DH Europe Finance II		2.050	2.052	11/15/2022	4,650	4,650	4,802
Jones Lang LaSalle Inc		4.400	3.211	11/15/2022	7,294	7,490	7,646
NiSource Finance Corporation		2.650	2.677	11/17/2022	860	859	898
Toronto Dominion Bank		1.900	1.937	12/01/2022	4,075	4,071	4,207
MPLX LP		3.500	3.567	12/01/2022	2,000	1,997	2,084
US Bank NA		1.950	1.978	01/09/2023	6,000	5,996	6,219
Cooperative Rabobank		2.750	2.029	01/10/2023	4,000	4,071	4,213
Santander UK PLC		2.100	2.121	01/13/2023	2,300	2,299	2,378
NBC Universal Media LLC		2.875	2.701	01/15/2023	2,860	2,872	3,051
AerCap Ireland Capital		3.300	3.357	01/23/2023	2,000	1,997	1,964
Nationwide Building Society		2.000	1.994	01/27/2023	5,000	5,001	5,150
Fifth Third Bancorp		1.800	1.826	01/30/2023	2,200	2,198	2,259
PNC Bank		2.950	2.430	01/30/2023	4,174	4,228	4,392
Carlyle Holdings Finance		3.875	2.737	02/01/2023	4,298	4,419	4,575
Barclays PLC		4.610	3.187	02/15/2023	4,200	4,349	4,422
Morgan Stanley		3.750	2.992	02/25/2023	6,000	6,115	6,475
CVS Corporation		3.700	1.200	03/09/2023	3,000	3,198	3,222
Toyota Motor Credit Corporation		2.900	2.894	03/30/2023	3,515	3,516	3,721
JP Morgan Chase & Company		3.207	3.203	04/01/2023	7,000	7,000	7,288
National Securities Clearing		1.200	1.232	04/23/2023	3,000	2,997	3,043
JP Morgan Chase & Company		2.776	2.727	04/25/2023	4,000	4,005	4,141
USAA Capital Corporation		1.500	1.542	05/01/2023	2,500	2,497	2,565
New York Life Global Funding		1.100	1.107	05/05/2023	1,500	1,500	1,531
Capital One Financial Corporation		2.600	1.080	05/11/2023	3,000	3,128	3,140
Dollar Tree Inc		3.700	1.597	05/15/2023	5,750	6,088	6,162
Merck & Co Inc		2.800	1.404	05/18/2023	1,183	1,229	1,261
Royal Bank of Scotland		2.375	2.486	05/21/2023	4,000	3,988	4,095
Nordea Bank		1.000	1.035	06/09/2023	1,800	1,798	1,817
AIG Global Funding		0.800	0.826	07/07/2023	3,100	3,098	3,100
Crown Castle International		3.150	0.903	07/15/2023	1,900	2,028	2,028
Sumitomo Mitsui Financial		3.748	0.893	07/19/2023	3,700	4,017	4,022
Cargill Inc		1.375	1.229	07/23/2023	6,800	6,830	6,917
Entergy Louisiana LLC		4.050	3.165	09/01/2023	2,550	2,617	2,789
Lloyds Banking Group PLC		2.907	2.581	11/07/2023	5,001	5,053	5,204
AbbVie Inc		3.750	1.214	11/14/2023	5,600	6,068	6,087
Broadcom Corporation		3.625	2.185	01/15/2024	3,750	3,933	4,031
New York Life Global Funding		2.900	1.252	01/17/2024	2,000	2,114	2,145
Centerpoint Energy Inc		3.850	1.143	02/01/2024	4,750	5,200	5,193
Microsoft Corporation		2.875	0.627	02/06/2024	3,430	3,704	3,695
American Express		3.400	1.007	02/22/2024	5,200	5,644	5,656
Kimco Realty Corporation		2.700	3.118	03/01/2024	5,000	4,928	5,136
BPCE SA		4.000	1.031	04/15/2024	4,600	5,106	5,098
ConAgra Foods Inc		4.300	1.397	05/01/2024	4,000	4,432	4,424
Wells Fargo & Company		1.654	1.629	06/02/2024	9,500	9,509	9,650
Aker BP ASA		4.750	3.698	06/15/2024	4,000	4,152	4,027
Sprint Spectrum		4.738	3.418	03/20/2025	1,965	2,079	2,132
Citigroup Inc		3.352	1.548	04/24/2025	4,000	4,333	4,314
Total Corporate Fixed-Rate Bonds and Notes	56.1%					442,330	454,306
Corporate Floating-Rate Bonds and Notes							
TD Ameritrade Holding Company		1.117	F	0.898	11/01/2021	4,250	4,262
Becton Dickinson & Company		1.348	F	1.348	06/06/2022	2,000	2,005

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
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(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)								
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>	
Corporate Floating-Rate Bonds and Notes (continued)								
Albemarle Corporation		1.442	F	1.442	11/15/2022	1,000	1,000	961
Bank of America Corporation		3.004	F	1.409	12/20/2023	3,000	3,084	3,151
Citigroup Inc		2.312	F	2.312	11/04/2022	6,000	6,000	6,118
Total Corporate Floating-Rate Bonds and Notes	2.0%						16,346	16,475
Collateralized Mortgage Obligations								
Galton Funding Mortgage Trust		4.500		4.352	02/25/2059	2,613	2,663	2,668
Total Collateralized Mortgage Obligations	0.3%						2,663	2,668
Municipals								
Hampton Roads Sanitation		1.699		1.699	02/01/2022	3,145	3,145	3,187
State of New York		1.900		1.900	02/15/2022	2,905	2,905	2,957
State of New York		1.850		1.850	03/15/2022	4,100	4,100	4,158
Mecklenburg County		5.000		1.650	04/01/2022	3,750	3,966	4,060
State Of Wisconsin		1.720		1.720	05/01/2022	2,000	2,000	2,039
City of New York		2.030		2.057	08/01/2022	6,000	5,997	6,151
State of California		2.500		1.777	10/01/2022	8,000	8,126	8,337
Mississippi State		1.809		1.809	10/01/2022	5,000	5,000	5,079
Houston TX Utility System Revenue		1.716		1.716	11/15/2022	2,000	2,000	2,058
Nassau County Interim Finance		2.722		1.838	11/15/2022	2,510	2,561	2,618
State of New York		1.910		1.910	03/15/2023	2,860	2,860	2,896
State Of Wisconsin		1.749		1.749	05/01/2023	1,450	1,450	1,489
Massachusetts Water Resources		1.772		1.772	08/01/2023	3,445	3,445	3,518
Penn State University		1.353		1.353	09/01/2023	2,740	2,740	2,777
Houston TX Utility System Revenue		1.746		1.746	11/15/2023	2,635	2,635	2,735
Total Municipal Securities	6.7%						52,930	54,059
Asset-Backed Securities								
Great American Leasing Receivables		2.600		2.620	06/15/2021	753	753	756
MMAF Equipment Finance		2.920		2.944	07/12/2021	100	100	101
AmeriCredit Automobile Receivables		1.900		1.914	03/18/2022	195	195	195
Securitized Term Auto Receivables		2.289		2.369	03/25/2022	2,405	2,403	2,417
Santander Retail Auto Receivables		3.060		3.079	04/20/2022	3,000	3,000	3,018
Honda Auto Receivables		3.010		3.028	05/18/2022	974	974	988
Gracechurch Card PLC		0.585	F	0.585	07/15/2022	4,000	4,000	3,996
PFS Financing Corporation		0.785	F	0.786	07/15/2022	1,650	1,650	1,649
GM Financial Auto Loan		2.320		0.000	07/18/2022	1,974	1,974	1,991
MMAF Equipment Finance LLC		2.210		2.220	10/17/2022	1,015	1,015	1,023
PFS Financing Corporation		2.400		2.421	10/17/2022	3,400	3,400	3,414
Nextgear Floorplan		2.560		2.573	10/17/2022	4,000	4,000	4,015
Volvo Financial		0.685	F	0.686	11/15/2022	3,350	3,350	3,348
Golden Credit Card Trust		2.620		2.634	01/15/2023	1,900	1,900	1,922
Enterprise Fleet Financing		2.220		2.230	01/20/2023	1,726	1,726	1,736
Great American Leasing Receivables		2.360		2.372	01/20/2023	2,362	2,362	2,367
AmeriCredit Automobile Receivables		3.150		3.078	03/20/2023	1,826	1,828	1,851
World Omni Automobile Lease		2.940		2.961	05/15/2023	3,000	3,000	3,015
Ally Master Owner Trust		3.290		3.311	05/15/2023	1,000	1,000	1,021
GM Financial Auto Loan		2.060		2.075	05/16/2023	3,500	3,500	3,525
Ally Master Owner Trust		3.300		3.327	07/17/2023	1,250	1,250	1,279
Great American Leasing Receivables		1.760		1.778	08/15/2023	2,105	2,105	2,117
AESOP		3.070		2.387	09/20/2023	4,935	4,990	4,952
Mercedes-Benz Auto Lease Trust		2.510		2.476	10/16/2023	913	913	914

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West Virginia Board of Treasury Investments
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WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
First National Master Trust		0.625 F	0.626	10/16/2023	3,200	3,200	3,200
Dell Equipment Finance Trust		3.370	3.398	10/22/2023	1,220	1,220	1,237
AESOP		2.970	2.271	03/20/2024	3,000	3,040	3,009
Enterprise Fleet Financing		3.550	2.211	05/20/2024	5,000	5,132	5,178
ARI Fleet Lease Trust		2.110	2.124	07/15/2024	252	252	252
Discover Card Master Trust		3.040	3.059	07/15/2024	5,000	5,000	5,204
Daimler Trucks Retail Trust		3.030	3.050	11/15/2024	2,500	2,500	2,517
CarMax Auto Owner Trust		2.770	0.507	12/16/2024	1,220	1,282	1,285
Capital One Prime Auto Receivables		1.960	1.978	02/18/2025	5,150	5,148	5,326
Enterprise Fleet Financing		1.780	1.792	12/22/2025	1,950	1,949	1,972
ARI Fleet Lease Trust		2.280	2.296	04/15/2026	5,000	4,999	5,022
ARI Fleet Lease Trust		2.530	2.508	11/15/2027	8,350	8,361	8,522
Ford Credit Auto Owner Trust		2.620	2.602	08/15/2028	2,000	2,002	2,056
Ford Credit Auto Owner Trust		2.360	2.854	03/15/2029	11,000	10,788	11,318
Chesapeake Funding II LLC		1.990	1.999	05/15/2029	744	744	748
Chesapeake Funding II LLC		1.910	1.920	08/15/2029	446	446	447
Chesapeake Funding II LLC		1.950	1.961	09/15/2031	3,036	3,036	3,091
Hertz Fleet Lease Funding LP		2.700	2.722	01/10/2033	4,150	4,149	4,174
Social Professional Loan Program		1.035 F	1.037	07/25/2039	270	270	269
Social Professional Loan Program		2.390	2.402	02/25/2042	1,761	407	408
Total Asset Backed Securities	14.5%					115,313	116,845
Money Market Funds							
BlackRock Liquidity		0.100 **			7,585	7,585	7,585
Total Money Market Funds	0.9%					7,585	7,585
Total Short Term Bond Pool	100.00%					\$ 792,267	\$ 810,077

WEST VIRGINIA BANK POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Certificates of Deposit							
BcBank Inc		1.800 %	1.800 %	07/09/2020	1,000	\$ 1,000	\$ 1,000
Citizens Bank of WV		1.800	1.800	07/09/2020	5,000	5,000	5,000
WesBanco Bank		1.800	1.800	07/09/2020	9,000	9,000	9,000
WesBanco Bank		1.800	1.800	08/13/2020	10,000	10,000	10,000
WesBanco Bank		0.850	0.850	09/10/2020	10,000	10,000	10,000
Mountain Valley Bank		0.400	0.400	10/15/2020	2,500	2,500	2,500
WesBanco Bank		0.400	0.400	10/15/2020	10,000	10,000	10,000
WesBanco Bank		0.400	0.400	11/12/2020	10,000	10,000	10,000
WesBanco Bank		0.400	0.400	12/10/2020	10,000	10,000	10,000
Total Certificates of Deposit	99.7%					67,500	67,500
Money Market Funds							
BlackRock Liquidity		0.100 **			171	171	171
Total Money Market Funds	0.3%					171	171
Total West Virginia Bank Pool	100.0%					\$ 67,671	\$ 67,671

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STATE LOAN POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Loans and Mortgages							
Intergovernmental Loans							
WVEDA Revolving Loan		2.460 %			118,523	\$ 118,523	\$ 118,523
WVEDA Non-Recourse Loan		3.000			24,326	24,326	24,326
WVEDA Broadband Loan		2.110			1,480	1,480	1,480
Total Intergovernmental Loans						144,329	144,329
Reserve for uncollectable loans					24,057	24,057	24,057
Loans and Mortgages, net of reserve for uncollectable loans	100.0%					120,272	120,272
Money Market Funds							
BlackRock Liquidity		0.100 **			56	56	56
Total Money Market Funds	0.0%					56	56
Total State Loan Pool	100.0%					\$ 120,328	\$ 120,328

RESERVE POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Depository Accounts							
United National Bank		0.23% ** F	0.230%	08/31/2022	19,900	\$ 19,900	\$ 19,900
Total Depository Accounts	100.0%					19,900	19,900
Money Market Funds							
BlackRock Liquidity		0.100 **			2	2	2
Total Money Market Funds	0.0%					2	2
Total Reserve Pool	100.0%					\$ 19,902	\$ 19,902

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
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(In thousands)

MUNICIPAL BOND COMMISSION

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>State and Local Government Series Securities</i>							
State & Local Government		1.570 %	1.570	11/01/2020	407	\$ 407	\$ 407
State & Local Government		1.570	1.570	11/01/2020	397	397	397
State & Local Government		0.120	0.120	11/01/2020	354	354	354
State & Local Government		1.600	1.600	05/01/2021	2,238	2,238	2,238
State & Local Government		1.570	1.570	05/01/2021	28,693	28,693	28,693
State & Local Government		0.140	0.140	05/01/2021	19,178	19,178	19,178
State & Local Government		1.660	1.660	11/01/2021	404	404	404
State & Local Government		1.680	1.680	05/01/2022	28,512	28,512	28,512
Total State and Local Government Series Securities	100.0%					80,183	80,183
Total Municipal Bond Commission Pool	100.0%					\$ 80,183	\$ 80,183

SCHOOL FUND

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			1,264	\$ 1,264	\$ 1,264
Total Money Market Funds	100.0%					1,264	1,264
Total School Fund	100.0%					\$ 1,264	\$ 1,264

EDA - AW

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	1,445	\$ 1,500	\$ 1,718
Total U. S. Treasury Issues	99.9%					1,500	1,718
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			1	1	1
Total Money Market Funds	0.1%					1	1
Total EDA-AW	100.0%					\$ 1,501	\$ 1,719

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Investment Section

Consolidated Fund Overview at June 30, 2020

Investment Philosophy: It is the investment philosophy of the Board of Treasury Investments (the “BTI”) to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity.

Investment Objectives: It is the investment objective of the BTI to provide focused investment services for the Consolidated Fund, reduce costs for and increase returns to its participants.

Total Investments at June 30, 2020: \$ 6,515,053,000.

Description of the Consolidated Fund: The Consolidated Fund under the management of the BTI consisted of nine investment pools and single participant accounts during the year. The 2005 West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia to make short-term operating funds of the state more accessible to state government. The BTI employs a top-down approach to developing its investment strategy for the management of its funds. Starting with the objectives of the fund, the BTI considers constraints outlined in its investment policy, which includes among other parameters: safety, liquidity, and maximization of rate of return. The Investment Policy is summarized on Pages 94 – 99 of this Investment Section.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The Consolidated Fund pools and accounts are described in detail following this overview.

Expense Ratios: The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool and account. The fees charged to the Consolidated Fund are categorized into direct or indirect expenses as follows:

- (a). Direct Expenses - All investment advisor and custodian expenses will be charged directly to the pools and accounts as they are incurred.
- (b). Indirect Expenses - All indirect expenses such as insurance, staff costs, investment consultant fees, and rent shall be allocated based upon the percentage of net position under management.

Expense ratios for the pools and accounts are detailed in Table 2: Financial Highlights on Page 106 in the Statistical Section.

Basis of Presentation: Rates of return use a time-weighted rate of return methodology based upon market values.

Economic Environment: As a result of the global coronavirus pandemic, economies worldwide suffered severe downturns as economic activity plummeted. U.S. economic growth slowed significantly during fiscal year 2020, contracting by approximately 7.9% for the fiscal year. This was substantially lower than the 2.3% growth rate experienced over fiscal year 2019. As expected, the Federal Reserve (the “Fed”) cut rates three times over the first half of the fiscal year, dropping the Fed funds target rate 75 basis points to a range of 1.50% to 2.25% by December 2019. With unemployment rising dramatically, economic activity suddenly slowing and markets seizing up, the Fed acted aggressively in March 2020, cutting rates to zero and implementing a series of programs to support the markets. It appears likely that the Fed will maintain

their benchmark rate near zero for the foreseeable future as the U.S. economy slowly recovers from the damage inflicted by the coronavirus pandemic.

The U.S. bond market, as measured by the Barclays Aggregate Bond Index, returned 8.87% for fiscal year 2020. Domestically, equity returns were weaker for fiscal year 2020. The broad U.S. equity market, as measured by the Russell 3000 index, returned 5.75% for the fiscal year. Smaller or emerging markets equity performance was negative for fiscal year 2020. Foreign equity returns, as measured by the MSCI Emerging Markets Index, posted a return of -3.94% for the fiscal year. Commodity market returns were deeply negative for the fiscal year with commodity market performance, as measured by the S&P GSCI Total Return Index, returning a negative 33.92%.

Pool and Account Overviews: The following pages present overviews of the investment pools and accounts of the Consolidated Fund.

The reports on the investment activities of each pool and account are prepared by staff of the BTI with assistance from pool and account managers and the BTI's investment consultant.

The Schedule of Investments in Securities is presented in the Financial Section on Pages 52-65, and Participant Net Asset Values are presented in the Statistical Section on Page 116.

West Virginia Money Market Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Money Market Pool was created to invest participants' operating funds. The objective of the pool is to maintain sufficient liquidity to meet the daily disbursements of participants while striving to earn a return above inflation. The pool is structured as a money market fund with the goal of preservation of principal. The pool risk factor is low, and the pool is managed under numerous maturity restrictions, diversification guidelines, and credit limits.

Participants include state agencies and local governments throughout the state.

Benchmarks

The performance of the West Virginia Money Market Pool (net of external investment manager fees) will be measured against a blended benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Investment Managers

The West Virginia Money Market Pool is managed by Federated Hermes and UBS Asset Management.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the West Virginia Money Market Pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 90 days.
- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. Government securities.
- Variable rate and floating rate securities shall be based on a money market index and shall not have a final maturity longer than 762 days if they are U.S. Government securities, or 397 days if they are not U.S. Government securities.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum 5% of the pool may be invested in any one corporate name.
- Maximum 5% of the pool may be invested in any one supranational name.
- Maximum exposure in money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure at the pool level may not exceed 30%.

- Maximum 75% of the pool may be invested in notes with floating rates.
- All corporate securities must be rated A+ or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- All supranational securities must be rated AA or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- Maximum of 20% of the pool may be invested in asset-backed and mortgage-backed securities. Asset-backed commercial paper is not considered an asset-backed security under this limitation.
- Asset-backed and mortgage-backed securities must be rated AAA (or its equivalent).
- Asset-backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- The pool may not hold inverse floaters.
- The pool may not be leveraged in any manner.
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a nationally recognized statistical rating organization (“NRSRO”), each investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

❑ BTI Role

The role of the BTI for the West Virginia Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

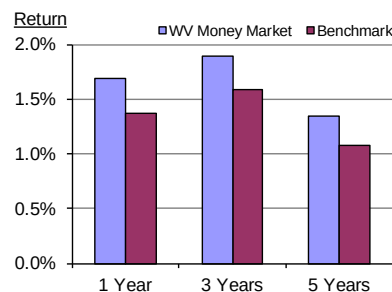
❑ **Asset Allocation – Permissible vs. Actual**

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 1,017,343	19.8%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	-	-
Repurchase agreements	85.0%	445,700	8.7%
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (Combined)	75.0%	2,695,856	52.3%
Certificates of deposit	75.0%	771,849	15.0%
Money market funds	30.0%	218,603	4.2%
Asset-backed & mortgage-backed securities	20.0%	-	-
Municipal securities	15.0%	-	-
Depository accounts	5.0%	-	-
		<u>\$ 5,149,351</u>	<u>100.0%</u>

❑ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2020

	1 Year	3 Years	5 Years
Returns by Investment Manager:			
Federated Hermes *	1.74%	1.95%	-
UBS	1.69%	1.89%	1.36%
Total pool returns	1.69%	1.89%	1.35%
Benchmark:			
Custom Index **	1.37%	1.59%	1.08%



* The pool was co-managed by JP Morgan Asset Management until August 1, 2015, when Federated Hermes replaced them.

** Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average. Prior to July 1, 2015, BofA Merrill Lynch 3-Month T-bill plus floating hurdle with maximum of 15 bps; prior to January 2013, Merrill Lynch 3-Month T-bill + 15 bps

Returns are calculated on a time-weighted basis.
Manager returns are net of manager fees.
Total pool returns are net of all fees.

☐ Investments

For a detailed list of investments in the West Virginia Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 52-56.

West Virginia Government Money Market Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Government Money Market Pool was created to invest restricted moneys of participants in U.S. Treasury and U.S. government agency obligations. The investment objective of the pool is to preserve capital and maintain sufficient liquidity to meet the daily disbursement needs of participants, while striving to earn a return above inflation. The pool is structured as a money market fund with an emphasis on maintaining a stable dollar value. The risk factor on this pool is low and managed through maturity restrictions. The default risk is minimal due to the types of securities held.

Participants include state agencies and local governments throughout the state.

Benchmarks

The performance of the West Virginia Government Money Market Pool (net of external investment manager fees) will be measured against a blended benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average.

Investment Manager

The West Virginia Government Money Market Pool is managed by UBS Asset Management.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of the pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 90 days.
- Maximum maturity of individual securities held cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. government securities.
- Variable rate and floating rate U.S. government securities shall be based on a money market index and shall not have a final maturity longer than 762 days.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum exposure in government money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure may not exceed 30%.
- The pool may not hold private placements, or inverse floaters, or be leveraged in any manner.

- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

BTI Role

The role of the BTI for the West Virginia Government Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

Income Allocation

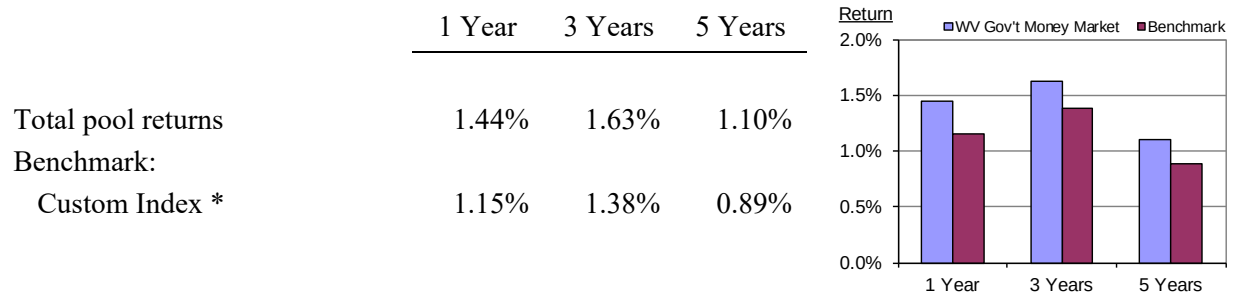
Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 58,027	21.9%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	159,154	60.2%
Repurchase agreements	85.0%	47,200	17.8%
Government money market funds	30.0%	177	0.1%
Depository accounts	5.0%	-	-
		<u>\$ 264,558</u>	<u>100.0%</u>

☐ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2020



* Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average. Prior to July 1, 2015, BofA Merrill Lynch 3-Month T-bill

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

☐ **Investments**

For a detailed list of investments in the West Virginia Government Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 57-59.

West Virginia Short Term Bond Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Short Term Bond Pool was created to invest restricted moneys of the State which have a longer term investment horizon. The goal of the pool is to earn an incremental return over the West Virginia Money Market Pool with an objective of asset growth rather than current income. The pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by participants. The risk factor on this pool is higher than the West Virginia Money Market Pool.

Participants include state agencies and local governments throughout the state.

Benchmark

The performance of the West Virginia Short Term Bond Pool (net of external Investment Manager fees) will be measured against the ICE BofAML 1-3 Year US Corporate & Government Index + 10 basis points. Prior to November 1, 2018, performance was measured against the BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 basis points.

Investment Manager

The West Virginia Short Term Bond Pool is managed by Sterling Capital Management. Prior to November 1, 2018, the Pool was managed by Federated Hermes.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon percentage of the pool holdings on a market value basis at the time of the securities purchase. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Effective duration of the West Virginia Short Term Bond Pool shall not deviate from the effective duration of the benchmark index by more than +/- 20 percent.
- Effective duration of securities cannot exceed five years (1,827 days).
- Effective duration of commercial paper or asset backed commercial paper will not exceed 397 days.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements.)
- Maximum 5% of the pool may be invested in any one corporate name or one corporate issue.
- Maximum 5% of the pool may be invested in any one supranational name.
- All long-term corporate securities must be rated BBB- or higher (or its equivalent), provided that no more than 20% may be invested in securities rated BBB- to BBB+ (or its equivalent).
- All long-term supranational securities must be rated AA or higher (or its equivalent).

- All short-term corporate securities, short-term supranational securities, commercial paper or asset backed commercial paper must be rated A-1 or higher (or its equivalent).
- Asset backed and mortgage backed securities must be rated AAA (or its equivalent).
- Maximum 75% of the pool may be invested in floating rate notes.
- Floating rate notes shall be based on a money market index and shall not have an effective duration longer than five years.
- Maximum of 50% of the pool may be invested in asset backed and mortgage backed securities. Asset backed commercial paper is not considered an asset backed security under this limitation.
- Asset backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A, public or municipal securities exempt from registration under Section 3(a)(4) of the Securities Act of 1933, and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool may not invest in inverse floaters or be leveraged in any manner.
- Money market and fixed income funds utilized by the pool must be approved in advance by the Board.
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

❑ BTI Role

The role of the BTI for the West Virginia Short Term Bond Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are declared as dividends on the last day of the month and distributed to the participants in the pool on the first day of the following month. Gains and losses (realized and unrealized) are reflected in the net asset value calculated each month.

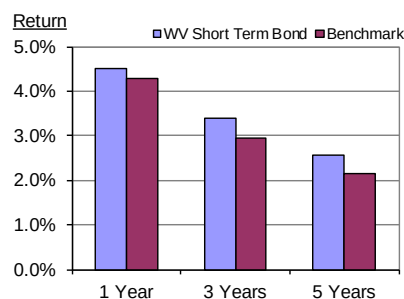
☐ **Asset Allocation – Permissible vs. Actual**

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 121,838	15.0%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	36,301	4.5%
Repurchase agreements	85.0%	-	-
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (combined)	75.0%	470,781	58.1%
Asset backed and mortgage backed securities	50.0%	119,513	14.8%
Certificates of deposit	50.0%	-	-
Money market and fixed income funds	30.0%	7,585	0.9%
Municipal securities	15.0%	54,059	6.7%
Depository accounts	5.0%	-	-
		<u>\$ 731,969</u>	<u>100.0%</u>

☐ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2020

	1 Year	3 Years	5 Years
Total pool returns *	4.50%	3.38%	2.57%
Benchmark **	4.28%	2.96%	2.14%



* Sterling Capital Management became manager November 1, 2018. Federated Investors was investment manager from October 1, 2008 to October 31, 2018.

** ICE BofAML 1-3 Year US Corporate & Government Index + 10 bps. Prior to November 1, 2018, BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 bps.

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

❑ **Investments**

For a detailed list of investments in the West Virginia Short Term Bond Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 59-63.

West Virginia Bank Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The West Virginia Bank Pool is composed of certificates of deposit placed with West Virginia financial institutions that are approved state depositories. Placement of the certificates of deposit is accomplished through a competitive bidding process (West Virginia CD Program). The State is the sole participant in this pool.

Benchmark

The performance of the West Virginia Bank Pool will be measured against a custom benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

- To participate in the West Virginia CD Program, a financial institution must be designated as a State Depository in accordance with West Virginia Code §12-1-2(a) and have a branch bank in West Virginia.
- The Board shall establish rules and guidelines for the competitive bidding process. Such rules shall be made available to all interested, qualified financial institutions prior to participation. Qualified, interested financial institutions must agree to the rules and guidelines to participate.
- The minimum bid is \$100,000.00. Bids must be in increments of \$100,000.00 to a maximum of \$10,000,000.00 per parent institution per placement.
- The minimum rate will be equivalent to a the six month return on the West Virginia Money Market Pool or other rate as approved by the BTI chairman.
- Certificates of deposit in excess of insurance coverage by the Federal Deposit Insurance Corporation (FDIC) must be collateralized pursuant to West Virginia code §12-1-4 and Board of Treasury Investments Bank Account Collateral Policy.

❑ BTI Role

The role of the BTI for the West Virginia Bank Pool is as follows:

- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.
- Calculate monthly net income and net asset value.

- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

☐ Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month.

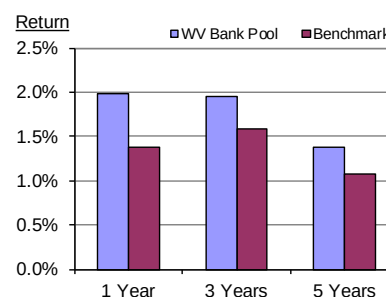
☐ Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
Certificates of deposit	100.0%	\$ 67,500	99.7%
Money market funds	30.0%	171	0.3%
		<u>\$67,671</u>	<u>100.0%</u>

☐ Actual Returns

Actual Annualized Returns for Periods Ended June 30, 2020

	1 Year	3 Years	5 Years
Total pool returns	1.99%	1.95%	1.37%
Benchmark *	1.37%	1.59%	1.08%



* Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average; prior to July 1, 2015, BofA Merrill Lynch 3-Month T-bill plus floating hurdle with maximum of 15 bps.

Returns are calculated on a time-weighted basis.
 Manager returns are net of manager fees.
 Total pool returns are net of all fees.

☐ Investments

For a detailed list of investments in the West Virginia Bank Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 63.

Loan Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The State Loan Pool is composed of loans made to/by the West Virginia Economic Development Authority (the “EDA”), West Virginia Property Valuation Training and Procedures Commission (the “PVTPC”), and certain FHA/VA housing loans for single-family homes. The State is the sole participant in this pool. The Directors of the BTI Board shall bear no fiduciary responsibility with regard to any of the loans contemplated under §12-6C-11.

Under the State Code, the BTI is required to make available to EDA, subject to a liquidity determination, the following:

- A Revolving Loan up to \$175 million for business and industrial development projects; and
- A Non-Recourse Loan up to \$25 million through June 29, 2012, to fund loans for certain venture capital initiatives; and
- A Revolving Loan up to \$50,000,000 to provide loan insurance for debt instruments to expand broadband within West Virginia

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None.

❑ BTI Role

The role of the BTI for the overall Loan Pool is as follows:

- Receive and post loan payments.
- Open an account on behalf of the State Loan Pool.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Provide monthly statements regarding pool activity
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

The role of the BTI for the EDA Industrial Development Loan is as follows:

- Provide EDA with the annual rate to be charged on the loan.
- Facilitate the transfer of funds to EDA via the State Treasurer's Office.
- Invoice the EDA on a monthly basis for interest and principal due on outstanding loan balances

The role of the BTI for the EDA Non-Recourse Loan is as follows:

- Produce pool financial statements based on information provided by EDA
- Facilitate the transfer of funds to EDA via the State Treasurer's Office.

The role of the BTI for the Broadband Debt Guarantee Revolving Loan is as follows:

- Provide EDA with quarterly interest rate to be charged on the loan
- Facilitate the transfer of funds to EDA via the State Treasurer's Office
- Invoice the EDA on a quarterly basis for interest and principal due on outstanding balances

Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed to participants on the last day of the month.

Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
Other investments	100.0%	\$ 120,272	100.0%
Money market funds	20.0%	56	0.0%
Depository accounts	5.0%	-	-
		<u>\$ 120,328</u>	<u>100.0%</u>

Actual Returns

The BTI does not maintain rates of return for the Loan Pool.

Investments

For a detailed list of investments in the Loan Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 64.

Reserve Pool

❑ Investment Objectives and Policy Guidelines

Objectives

The Reserve Pool was created to provide an added layer of security for the West Virginia Money Market and West Virginia Government Money Market Pools. The objective of the pool is to provide support for the West Virginia Money Market and West Virginia Government Money Market Pools to ensure the net asset values do not fall below \$0.9985 per unit.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of Pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities.

- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase.
- Depository accounts are required to be collateralized as defined in the BTI's Bank Account Collateral Policy.

❑ BTI Role

The role of the BTI for the Reserve Pool is as follows:

- Develop investment guidelines.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.
- The BTI will monitor the net asset value of the West Virginia Money Market and West Virginia Government Money Market Pools on a daily basis in accordance with the BTI's Net Asset Value Monitoring Policy. This policy requires the Chief Financial Officer and Executive Director to

develop a formal and written action plan to address the NAV decline when it falls below \$0.9985 per unit. Board members are notified to approve the written action plan.

- If the net asset value falls below \$0.9985 per unit, the BTI will request Board approval to utilize the Reserve Pool to ensure the NAV is stabilized at \$0.9985 per unit.

❑ Income Allocation

Net investment income is declared as dividends and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed on the last day of the month.

❑ Asset Allocation – Permissible vs. Actual

Permissible Allocation		Actual Allocation June 30, 2020	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ -	-
U.S. government agency obligations	100.0%	-	-
Repurchase agreements	100.0%	-	-
Government money market funds	100.0%	2	0.0%
Certificates of deposit	100.0%	-	-
Depository accounts	100.0%	19,900	100.0%
		<u>\$ 19,902</u>	<u>100.0%</u>

❑ Actual Returns

The BTI does not maintain rates of return for the Reserve Pool.

❑ Investments

For a detailed list of investments in the Reserve Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 64.

Municipal Bond Commission Account

❑ Investment Objectives and Policy Guidelines

Objectives

The Municipal Bond Commission Account is governed by West Virginia State Code §13-3-7 as it relates to permissible securities, limitations on purchase, sale or exchange of securities, interest; and custody of securities. The Account, which had been closed effective May 31, 2019, was re-opened on December 5, 2019.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

- No security shall be purchased, sold or exchanged without the concurrence or ratification of a majority of all members of the Municipal Bond Commission (the “Commission”).
- No security shall be purchased at a price above, nor sold or exchanged at a price below, its prevailing fair market value.
- No security shall be purchased, sold or exchanged for the purpose of aiding any individual, firm or corporation by the payment of brokerage commissions or fees thereto.
- No security purchased, sold or exchanged shall benefit any member or employee of the Commission.

❑ BTI Role

The role of the BTI for the Municipal Bond Commission Account is as follows:

- Open an account on behalf of the Commission.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Provide securities information to the custodian.
- Review signature authorization from the Commission for trade activity.
- Record contributions and withdrawals based upon Commission authorization.
- Provide detailed fee invoice.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are posted to the account monthly.

❑ Asset Allocation – Permissible vs. Actual

Asset allocations have not been established for the Municipal Bond Commission Account. Permissible securities are as follows:

- Securities of the United States or any agency thereof which are guaranteed by or for which the full faith and credit of the United States is pledged for the payment of the principal and interest.
- General obligations of the State or any of its agencies, boards or commissions, or any county, municipality or school district in the state.
- Repurchase agreements or similar banking arrangements with a member bank of the Federal Reserve System, or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”), or its successor, provided that such investments shall only be made to the extent insured by the FDIC or to the extent that the principal amount thereof shall be fully collateralized by direct obligations of or obligations guaranteed by the United States of America.

❑ Actual Returns

The BTI does not maintain rates of return for the Municipal Bond Commission Account.

❑ Investments

For a detailed list of investments in the Municipal Bond Commission Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 65.

School Fund Account

❑ Investment Objectives and Policy Guidelines

Objectives

The School Fund was established by State Code §18-9-5 to contribute toward supporting state public schools. The investment objective is to maintain the irreducible \$1 million principal as defined in State Code §18-9A-16.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

Minimum 15% of the investments of the School Fund must be invested in U.S. Treasury obligations.

❑ BTI Role

The role of the BTI for the School Fund Account is as follows:

- Open an account on behalf of the School Fund Board.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide monthly statements regarding School Fund activity.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

❑ Asset Allocation – Permissible vs. Actual

The School Fund shall be invested in interest-bearing securities of the United States, or securities, the payment of which as to both principal and interest, has been guaranteed by the United States, or of West Virginia, or of any county, city, town or village, or school district of West Virginia, or if such interest-bearing securities cannot be obtained, then such fund shall be invested in such other solvent interest-bearing securities as shall be approved by the School Fund Board. At June 30, 2020, 100.0% of the School Fund

Account's securities, totaling \$1,264,000, were invested in a money market fund that invests in U.S. Treasury and agency securities.

Actual Returns

The BTI does not maintain rates of return for the School Fund Account.

Investments

For a detailed list of investments in the School Fund Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 65.

Economic Development Authority – American Woodmark Account

❑ Investment Objectives and Policy Guidelines

Objectives

In accordance with West Virginia Code Section §31-15-23, the Economic Development Authority (the “EDA”) – American Woodmark Account invests excess funds received by appropriation or other funds which the EDA directs to be invested.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None

❑ BTI Role

The role of the BTI for the EDA – American Woodmark Account is as follows:

- Open an account on behalf of the EDA.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Invest earned interest not withdrawn by the EDA.
- Review signature authorization from the EDA for trade activity.
- Record contributions and withdrawals based upon EDA authorization.
- Provide monthly statements regarding EDA activity.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ Income Allocation

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

❑ **Asset Allocation – Permissible vs. Actual**

Permissible securities for the EDA – American Woodmark Account are as follows:

- A U.S. Treasury obligation that matures August 15, 2023.
- Money market funds

At June 30, 2020, 99.9% of the EDA – American Woodmark Account's securities, totaling \$1,718,000, were invested in a U.S. Treasury Bond maturing August 15, 2023. The remaining 0.1%, totaling \$1,000 was invested in a government money market fund.

❑ **Actual Returns**

The BTI does not maintain rates of return for the EDA – American Woodmark Account.

❑ **Investments**

For a detailed list of investments in the EDA – American Woodmark Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 65.

Schedule of Investment Management Fees
Consolidated Fund
For the Fiscal Year Ended June 30, 2020
(In Thousands)

External fees:

Investment advisors:

WV Money Market Pool	\$ 1,309
WV Government Money Market Pool	90
WV Short Term Bond Pool	468
	<u>1,867</u>

Custodians:

WV Money Market Pool	120
WV Government Money Market Pool	14
WV Short Term Bond Pool	26
	<u>160</u>

Total external fees	<u>2,027</u>
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Internal fees:

Investment consultant	158
Fiduciary bond	20
Administration	964
	<u>1,142</u>

Total internal fees	<u>1,142</u>
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Total investment management fees	<u><u>\$ 3,169</u></u>
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INVESTMENT POLICY SUMMARY

I. PURPOSE

The investment policy of the West Virginia Board of Treasury Investments (the “BTI”) is adopted pursuant to Article 6C of Chapter 12 of the West Virginia Code and specifically outlines the investment philosophy and practices of the BTI. It has been developed to provide a fiscal administration, investment, and management plan for the assets entrusted to the Board. The Board has adopted this investment policy to serve as that plan and to provide:

- A clear direction to investment managers and consultants, staff, participants, and any other outside service provider as to the objectives, goals, and restrictions with regard to investment of assets;
- A methodology which allows assets to be structured and invested in a prudent manner; and
- A meaningful basis for the evaluation of asset classes, investment managers and the strategies used to achieve the various investment objectives.

II. INVESTMENT PHILOSOPHY

The BTI was established by the State Legislature to provide prudent fiscal administration, investment, and management for the assets entrusted to the BTI. It is the investment philosophy of the BTI to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. Due to the short-term nature of the funds, the BTI believes it is imperative to review and adjust the policy in reaction to interest rate market fluctuations/trends on a regular basis. In order to accomplish this, the BTI has adopted the following formal review schedule:

Agenda Item	Review Schedule
Investment Performance	Quarterly
Investment Manager Rebalancing	Quarterly
Investment Policy	Annually
Fee Schedule and Budget	Annually
Select Rating Agencies	Annually
Stress Testing of Portfolios	Monthly

When required, the BTI may react to trends in the market more quickly by itself or through actions of its Investment Committee.

The BTI will employ investment managers to implement this policy. The BTI shall monitor the performance of, and supervise all investment managers.

In determining its philosophy toward risk, the BTI considers its fiduciary obligations, statutory requirements, and current market conditions. Additionally, the BTI will consider the participants’ purposes and characteristics, financial conditions, liquidity needs, sources and level of contributions, income and

general business conditions. Based upon these many factors, the BTI identifies when either a more conservative or more aggressive investment approach is warranted.

III. INVESTMENT OBJECTIVES

The BTI's objective is to provide focused investment services for the funds, reduce costs for, and increase returns to its participants. Realizing the majority of the funds are for operating expenses, the policy is designed to address the short-term liquidity needs of the participants and limit risk, but still permitting for a better rate of return than participants may be able to obtain on their own.

All available funds shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participants' investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with state law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.

IV. INVESTMENT/ADMINISTRATIVE RESPONSIBILITIES

The BTI is responsible for the prudent investment and administration of the funds. In order to properly carry out the policy, the BTI will rely on staff and outside service providers. Due to the number of parties involved, their roles as fiduciaries must be clearly identified to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The following describes the parties and the roles they assume as fiduciaries.

A. BOARD OF DIRECTORS

The Board has the responsibility of establishing and maintaining the policy and determining the objectives for all aspects of BTI operations.

The Board shall adopt by-laws and delegate the implementation of the policy to the Investment Committee and staff. The Board shall focus on important policy level issues, maintaining the proper fiduciary perspective and time horizon for analysis of the progress of the policy and the investment returns on the funds, and develop, adopt, review or modify the asset rebalancing plan, investment policy, fee schedule, and budget for the funds at least annually.

The Board may establish committees of its members as required to effectively implement the policy. Currently, the Board has established the Investment, Audit, and Personnel and Governance Committees as described below. Committees shall be briefed as required on any topic or issue pertinent to the Board's operations, and shall make reports regarding those topics to the Board at its meetings.

B. INVESTMENT COMMITTEE

The primary objective of the Investment Committee is to implement this policy and to do so effectively,

prudently, and in a cost efficient manner in full compliance with all applicable laws, rules, and regulations.

The Investment Committee shall have the following specific responsibilities to be performed with the advice and assistance of staff and the investment consultant, and shall make recommendations to the Board for action as necessary regarding:

- Policies for preservation of capital, risk tolerance, credit standards diversification, rate of return, stability and turnover, liquidity, reasonable costs and fees, permissible investments, maturity ranges, internal controls, safekeeping and custody, valuation methodologies, and calculation of earnings and yields;
- Evaluation, selection, and termination of the investment managers and investment consultant;
- Regular review of and revisions to the investment policy;
- Investigate any reported investment problems or non-compliance;
- Evaluation of investment results to ensure compliance with the investment policy and to determine success of investment activities; and
- Other investment related issues as necessary for the prudent and cost effective investment of the funds.

C. INVESTMENT CONSULTANT

The investment consultant will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The consultant must have and assign an employee to work directly with the BTI, who has a Chartered Financial Analyst or a Certified Treasury Professional designation. The consultant works with the Board and staff to implement this policy. This requires regular meetings with staff, the Investment Committee and/or the Board, to provide an independent perspective on various issues and make recommendations as appropriate.

D. INVESTMENT MANAGERS

Investment managers will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The managers will have demonstrated expertise with the type of portfolio in their charge. The managers will be provided explicit written instructions detailing their particular assignment, and will construct and manage the portfolio consistent with the policy.

E. CUSTODIAN

The custodian holds directly, through its agents, its sub-custodians, or designated clearing systems, securities held as investments by the BTI. The custodian is accountable for registration of those securities in good delivery form, collection of income generated, and any corporate action notification. The custodian is responsible for delivery, receipt, tracking, and reporting of securities transactions. The BTI may opt to delegate other duties to the custodian.

F. INTERNAL AUDITOR

The Board shall retain an internal auditor to report directly to the Board. As minimum qualifications, the internal auditor shall be a certified public accountant with at least three years' experience as an auditor. The internal auditor shall develop an internal audit plan, with Board approval, for the testing of procedures, internal controls and security of transactions.

G. EXTERNAL AUDITOR

The BTI shall be audited annually by an independent certified public accounting firm selected by the Board. The certified public accounting firm must have a minimum staff of ten certified public accountants, be a member of the American Institute of Certified Public Accountants and, if doing business in West Virginia, a member of the West Virginia Society of Certified Public Accountants. The Board shall have financial and compliance audits of the Board's books, accounts and records with respect to its receipts, disbursements, investments, contracts and all other matters relating to its financial operations.

H. NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION

The BTI shall annually select Nationally Recognized Statistical Rating Organizations ("NRSRO") whom it deems suitable to rely upon for credit ratings. Currently the BTI has selected the following NRSRO's:

- Moody's Investor Services
- Standard & Poor's
- Fitch Ratings
- Dominion Bond Rating Service, Ltd.

V. STANDARD OF CARE

Any investment made pursuant to this policy shall be made in accordance with the "Uniform Prudent Investor Act" and shall be further subject to the following:

- The Directors shall diversify the investment of the funds so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so;
- The Directors shall defray reasonable expenses of investing and managing the funds by charging fees; and
- The Directors shall discharge their duties in accordance with the documents and instruments consistent with the State Code.

VI. GENERAL INVESTMENT GUIDELINES

The BTI recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investments. Due to the short-term nature of the funds, high levels of risk should be avoided, but the assumption of risk may be warranted if it is needed in order to allow the investment managers the opportunity to achieve satisfactory results consistent with the policy and the investment guidelines for the pool/portfolio they manage.

All securities must have a readily attainable market value, and must be readily marketable. Listed within the investment guidelines for each pool and account are the securities specifically permitted by the policy.

VII. CONFLICT OF INTEREST AND ETHICS

The Directors, staff, and any outside service provider shall refrain from those circumstances that could be considered a conflict of interest with BTI operations and transactions. A conflict of interest is a circumstance that creates an actual conflict with any fiduciary duty owed and a personal or business activity

that could conflict with, could give the appearance of a conflict with, or could impair the ability to make impartial decisions in matters affecting BTI operations and transactions.

Additionally, the Directors and staff shall maintain knowledge of, and shall comply with, all applicable laws, rules and regulations of any governmental or regulatory entity governing the management of the funds and shall not knowingly participate in, assist or fail to report to the BTI any acts in violation of those laws, rules and regulations. This requirement includes, but is not limited to, compliance with the “West Virginia Governmental Ethics Act” in the State Code. Any actual or perceived violation of the Ethics Act shall be reported in writing to the Personnel and Governance Committee of the Board for action.

VIII. AUDITOR ACCESS TO RECORDS

An investment manager or custodian which holds securities for the account of, in trust of, in trust for, or pledged to the BTI, shall be required to allow the BTI or its agents to conduct an audit with respect to such securities or securities transactions for a period of two years after date of any trade executed on behalf of the BTI.

IX. OTHER BTI POLICIES

The policy incorporates policies that govern the day-to-day practices of the BTI, including:

- Pricing Policy
- Net Asset Value Monitoring Policy
- Dividend Reinvestments Policy
- Record Retention Policy
- Outside Service Provider Policy
- Repurchase Agreement Policy
- Securities Lending Program Policy
- Bank Account Collateral Policy
- Investment Manager Due Diligence and Watch List Policy
- Securities Litigation Policy

X. MISCELLANEOUS PROVISIONS

A. AMENDMENTS

Any modification or amendment of this policy may be made by an action adopted at any duly constituted Board meeting; provided, however, that no such modification or amendment shall abrogate the rights and duties of then existing BTI contracts with outside service providers, unless required by operation of law or agreed to by the outside service providers.

B. NO RECOURSE

No provision in this policy shall be the basis for any claim against any director or staff, in his individual or official capacity, or against the BTI itself.

C. EFFECT UPON EXISTING CONTRACT

This policy shall not abrogate the rights and duties of the BTI under contracts with outside service providers executed prior to the effective date of this policy, unless required by operation of law or agreed to by the outside service provider.

D. EFFECT OF FAILURE TO COMPLY AS TO INVESTMENTS

Failure to comply with this policy shall not invalidate any investment or affect the validity of the authorization of the Board, or their designee, to make such investments, unless required by the Board.

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Statistical Section

INTRODUCTION TO STATISTICAL SECTION

The Statistical Section of the BTI's CAFR presents information as a historical perspective and a context for understanding what the information in the financial statements, note disclosures, supplementary information, and other financial information says about the BTI's overall financial health.

Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated Fund

This table presents historical information showing trends in the changes in Consolidated Fund net position and the components of those changes.

Table 2: Financial Highlights – Consolidated Fund State Operating Pools

This table presents historical information showing per share data and ratios for the state operating pools of the Consolidated Fund for the past ten years. The ratio of expenses to average net position represents the percentage of net position used to operate the pool. The ratio of net investment income to average net position represents financial performance of the pool, or the extent to which operations have resulted in changes in net position. The portfolio turnover rate is a measurement of how frequently assets within a fund are bought and sold by the managers.

Table 3: Rates of Return – Consolidated Fund State Operating Pools

This table presents historical information showing the rates of return for the Consolidated Fund State Operating Pools for the past ten years.

Table 4: Participation in Consolidated Fund State Operating Pools

This table presents historical information for the past ten years showing the participation in the Consolidated Fund State Operating Pools that are open to all state agencies and local governments in the state. Many state agencies and local governments have multiple accounts.

Table 5: Net Position – Consolidated Fund

This table presents historical information showing the total net position of the Consolidated Fund for the past ten years.

Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund

This table presents historical information showing the total net position and changes in net position of the Operating Fund (a proprietary fund) for the past ten years.

Table 7: Schedule of Net Asset Values—Consolidated Fund Operating and Special Purpose Pools

This table presents components of total net asset values of the Consolidated Fund Operating and Special Purpose Pools at June 30, 2020, as well as investment unit data.

Table 8: Portfolio Statistics – Consolidated Fund Operating Pools

This table presents weighted average days to maturity, maximum weighted average investment maturity term per BTI investment policy, and money market yields for the Consolidated Fund Operating Pools at June 30, 2020.

Table 9: Participant Net Asset Values—Consolidated Fund Operating Pools

This table presents major investors in the Consolidated Fund Operating Pools at June 30, 2020.

Glossary of Financial and Investment Terms

A glossary of financial and investment terms is presented to help readers understand the basic concepts and information provided in this comprehensive annual financial report.

Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated Fund

Fiscal Year Ended June 30

(In Thousands)

	2020	2019	2018	2017	2016
Additions					
Investment income:					
Interest	\$ 61,532	\$ 65,025	\$ 35,994	\$ 23,420	\$ 17,145
Dividends	3,187	4,311	1,648	666	402
Securities lending income	-	-	-	-	-
Net accretion (amortization)	38,624	54,990	21,465	7,471	1,069
Provision for securities lending loss	-	-	-	-	-
Provision for uncollectible loans	(89)	(504)	-	(639)	(507)
Total investment income	103,254	123,822	59,107	30,918	18,109
Investment expenses:					
Investment advisor fees	1,867	1,725	1,463	1,345	1,366
Custodian bank fees	160	168	134	116	126
Administrative fees	1,142	1,716	1,245	1,384	1,290
Securities lending agent fees	-	-	-	-	-
Securities lending borrower rebates	-	-	-	-	-
Total investment expenses	3,169	3,609	2,842	2,845	2,782
Net investment income	100,085	120,213	56,265	28,073	15,327
Net realized gain (loss) from investments	6,622	(817)	(583)	128	(39)
Net increase (decrease) in fair value of investments	7,742	14,306	(5,460)	(1,917)	2,818
Net increase in net position from operations	114,449	133,702	50,222	26,284	18,106
Participant transaction additions:					
Purchase of pool units by participants	13,377,374	11,418,719	11,558,987	11,266,082	9,864,797
Reinvestment of pool distributions	104,859	119,737	55,550	27,979	15,082
Contributions to individual investment accounts	109,461	538	9,307	26,512	64,252
Total participant transaction additions	13,591,694	11,538,994	11,623,844	11,320,573	9,944,131
Total additions	13,706,143	11,672,696	11,674,066	11,346,857	9,962,237
Deductions					
Distributions to pool participants:					
Net investment income	99,348	119,963	55,858	27,709	15,147
Net realized gain (loss) from investments	6,622	(817)	(583)	128	(39)
Total distributions to pool participants	105,970	119,146	55,275	27,837	15,108
Participant transaction deductions:					
Redemption of pool units by participants	12,271,849	10,784,814	10,171,762	11,141,868	10,233,163
Withdrawals from individual investment accounts	30,021	28,994	17,474	16,386	44,326
Total participant transaction deductions	12,301,870	10,813,808	10,189,236	11,158,254	10,277,489
Total deductions	12,407,840	10,932,954	10,244,511	11,186,091	10,292,597
Change in net position	\$ 1,298,303	\$ 739,742	\$ 1,429,555	\$ 160,766	\$ (330,360)

(Continued)

2015	2014	2013	2012	2011
\$ 14,942	\$ 15,103	\$ 17,579	\$ 17,094	\$ 20,410
1,575	1,653	330	461	446
-	-	-	-	-
(3,885)	(4,563)	(6,351)	(3,986)	6,255
-	-	(1,629)	(945)	(596)
(822)	(1,251)	-	-	-
11,810	10,942	9,929	12,624	26,515
1,552	1,486	1,366	1,420	1,399
133	129	132	141	134
1,298	1,083	593	1,004	1,052
-	-	-	-	-
-	-	-	-	-
2,983	2,698	2,091	2,565	2,585
8,827	8,244	7,838	10,059	23,930
(442)	44	2,850	(12)	6,527
(986)	2,401	(96)	(1,946)	(11,329)
7,399	10,689	10,592	8,101	19,128
10,934,435	10,832,452	11,345,517	10,994,105	10,590,080
8,679	8,812	8,277	10,918	21,531
825	356	291,228	156,312	6,760
10,943,939	10,841,620	11,645,022	11,161,335	10,618,371
10,951,338	10,852,309	11,655,614	11,169,436	10,637,499
8,714	8,087	6,727	8,862	16,264
(442)	44	(370)	(114)	6,527
8,272	8,131	6,357	8,748	22,791
10,977,054	11,259,270	11,513,580	11,391,935	10,356,782
20,105	193,010	223,638	21,259	10,949
10,997,159	11,452,280	11,737,218	11,413,194	10,367,731
11,005,431	11,460,411	11,743,575	11,421,942	10,390,522
\$ (54,093)	\$ (608,102)	\$ (87,961)	\$ (252,506)	\$ 246,977

Table 2: Financial Highlights – Consolidated Fund State Operating Pools

	Fiscal Year Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>WV Money Market Pool</u>										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.02	0.02	0.02	0.01	-	-	-	-	-	-
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	0.02	0.02	0.02	0.01	-	-	-	-	-	-
Distributions to participants	0.02	0.02	0.02	0.01	-	-	-	-	-	-
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	5,099,974	3,959,313	3,266,592	1,780,967	1,556,503	1,890,872	1,960,118	2,496,857	2,788,044	3,019,878
Ratio of expenses to average net assets	0.06%	0.07%	0.07%	0.08%	0.08%	0.08%	0.07%	0.05%	0.06%	0.06%
Ratio of net investment income to average net assets	1.81%	2.39%	1.56%	0.84%	0.27%	0.13%	0.13%	0.14%	0.11%	0.18%
<u>WV Government Money Market Pool</u>										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.02	0.02	0.01	-	-	-	-	-	0.01	-
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	0.02	0.02	0.01	-	-	-	-	-	0.01	-
Distributions to participants	0.02	0.02	0.01	-	-	-	-	-	0.01	-
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	262,678	252,159	212,354	202,070	190,160	248,503	238,981	287,253	300,047	262,898
Ratio of expenses to average net assets	0.07%	0.08%	0.08%	0.09%	0.09%	0.08%	0.08%	0.06%	0.06%	0.07%
Ratio of net investment income to average net assets	1.66%	2.29%	1.32%	0.47%	0.16%	0.03%	0.02%	0.09%	0.06%	0.15%
<u>WV Short Term Bond Pool</u>										
Per share data:										
Net asset value at beginning of year	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79	\$ 101.47	\$ 100.06	\$ 100.34	\$ 101.35
Net investment income	2.67	2.68	1.97	1.47	1.15	0.85	1.20	0.70	0.86	1.56
Net realized and unrealized gain (loss)	1.81	1.90	(0.83)	(0.22)	0.34	(0.19)	0.33	1.34	(0.31)	0.40
Net increase from operations	4.48	4.58	1.14	1.25	1.49	0.66	1.53	2.04	0.55	1.96
Distributions to participants	3.50	2.58	1.88	1.47	1.13	0.78	1.21	0.63	0.83	2.97
Net asset value at end of year	\$ 104.05	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79	\$ 101.47	\$ 100.06	\$ 100.34
Shares outstanding (in thousands)	7,815	7,158	7,020	7,403	7,754	7,490	7,600	6,083	5,040	4,746
Ratio of expenses to average net assets	0.08%	0.11%	0.13%	0.14%	0.14%	0.14%	0.12%	0.07%	0.10%	0.10%
Ratio of net investment income to average net assets	2.64%	2.67%	1.97%	1.47%	1.19%	0.87%	0.78%	0.50%	0.73%	1.26%
Portfolio turnover rate	10.68%	2.78%	3.45%	3.06%	6.77%	4.17%	1.10%	2.48%	11.11%	3.66%

Table 3: Rates of Return – Consolidated Fund State Operating Pools

	Fiscal Year Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
WV Money Market Pool	1.69%	2.43%	1.54%	0.80%	0.32%	0.14%	0.13%	0.13%	0.11%	0.18%
WV Government Money Market Pool	1.44%	2.20%	1.26%	0.42%	0.16%	0.03%	0.02%	0.09%	0.05%	0.16%
WV Short Term Bond Pool	4.50%	4.54%	1.14%	1.26%	1.47%	0.65%	1.11%	0.76%	0.59%	1.96%

Rates of return are time weighted, annualized, and net of all fees

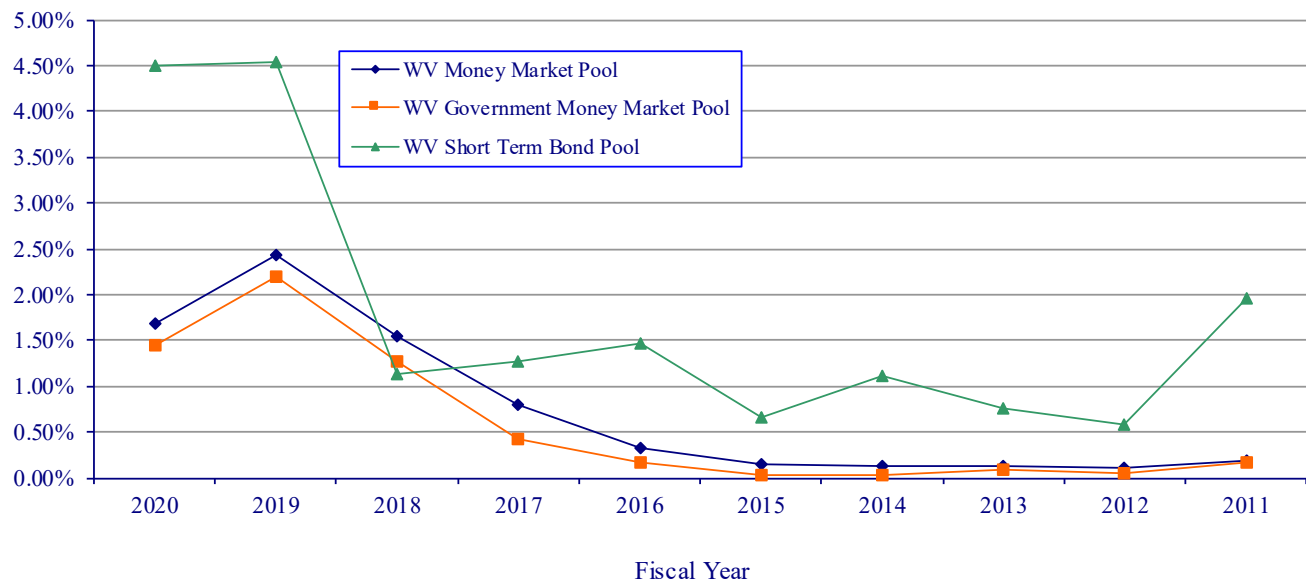


Table 4: Participation in Consolidated Fund State Operating Pools

Fiscal Year Ended June 30
(Net Asset Values Expressed in Thousands)

	2020		2019		2018		2017		2016	
	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value
WV Money Market Pool:										
State agency accounts	1,133	\$ 4,855,856	1,044	\$ 3,765,849	1,037	\$ 3,087,615	1,115	\$ 1,653,945	1,196	\$ 1,462,081
Local government accounts	230	244,118	204	193,464	198	178,977	207	127,022	206	94,422
Accumulated undistributed securities lending income		-		-		-		-		-
	<u>1,363</u>	<u>\$ 5,099,974</u>	<u>1,248</u>	<u>\$ 3,959,313</u>	<u>1,235</u>	<u>\$ 3,266,592</u>	<u>1,322</u>	<u>\$ 1,780,967</u>	<u>1,402</u>	<u>\$ 1,556,503</u>
WV Government Money Market Pool:										
State agency accounts	22	\$ 231,398	23	\$ 206,834	23	\$ 209,783	20	\$ 198,527	24	\$ 184,246
Local government accounts	22	31,280	23	45,325	21	2,571	27	3,543	27	5,914
Accumulated undistributed securities lending income		-		-		-		-		-
	<u>44</u>	<u>\$ 262,678</u>	<u>46</u>	<u>\$ 252,159</u>	<u>44</u>	<u>\$ 212,354</u>	<u>47</u>	<u>\$ 202,070</u>	<u>51</u>	<u>\$ 190,160</u>
WV Short Term Bond Pool:										
State agency accounts	38	\$ 812,321	38	\$ 737,161	39	\$ 705,986	38	\$ 750,256	37	\$ 787,715
Local government accounts	10	798	7	664	8	3,493	9	3,475	9	3,434
	<u>48</u>	<u>\$ 813,119</u>	<u>45</u>	<u>\$ 737,825</u>	<u>47</u>	<u>\$ 709,479</u>	<u>47</u>	<u>\$ 753,731</u>	<u>46</u>	<u>\$ 791,149</u>
	2015		2014		2013		2012		2011	
	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value	Number of Accounts	Net Asset Value
WV Money Market Pool:										
State agency accounts	1,275	\$ 1,804,995	1,336	\$ 1,869,338	1,347	\$ 2,427,230	1,282	\$ 2,708,359	1,239	\$ 2,956,372
Local government accounts	208	85,877	221	90,780	222	69,627	222	79,685	226	63,506
Accumulated undistributed securities lending income		-		-		-		-		-
	<u>1,483</u>	<u>\$ 1,890,872</u>	<u>1,557</u>	<u>\$ 1,960,118</u>	<u>1,569</u>	<u>\$ 2,496,857</u>	<u>1,504</u>	<u>\$ 2,788,044</u>	<u>1,465</u>	<u>\$ 3,019,878</u>
WV Government Money Market Pool:										
State agency accounts	23	\$ 202,008	20	\$ 184,523	17	\$ 189,828	18	\$ 178,519	15	\$ 184,473
Local government accounts	70	46,495	77	54,458	80	97,425	80	121,528	84	78,425
Accumulated undistributed securities lending income		-		-		-		-		-
	<u>93</u>	<u>\$ 248,503</u>	<u>97</u>	<u>\$ 238,981</u>	<u>97</u>	<u>\$ 287,253</u>	<u>98</u>	<u>\$ 300,047</u>	<u>99</u>	<u>\$ 262,898</u>
WV Short Term Bond Pool:										
State agency accounts	35	\$ 758,066	34	\$ 768,763	12	\$ 611,495	14	\$ 499,402	14	\$ 474,511
Local government accounts	9	3,384	9	4,837	10	5,756	9	4,890	10	1,676
	<u>44</u>	<u>\$ 761,450</u>	<u>43</u>	<u>\$ 773,600</u>	<u>22</u>	<u>\$ 617,251</u>	<u>23</u>	<u>\$ 504,292</u>	<u>24</u>	<u>\$ 476,187</u>

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Table 5: Net Position – Consolidated Fund

Fiscal Year Ended June 30
(In Thousands)

	2020	2019	2018	2017
WV Money Market Pool	\$ 5,099,974	\$ 3,959,313	\$ 3,266,592	\$ 1,780,967
WV Government Money Market Pool	262,678	252,159	212,354	202,070
WV Short Term Bond Pool	813,119	737,825	709,479	753,731
WV Bank Pool	67,909	77,774	81,448	79,774
Loss Amortization Pool	-	-	-	-
Loan Pool	120,569	119,402	109,145	125,400
Reserve Pool	19,906	19,588	19,126	18,854
Municipal Bond Commission Account	80,355	-	28,364	35,881
School Fund Account	1,264	1,427	1,254	1,418
EDA-AW Account	1,753	1,736	1,720	1,832
	<u>\$ 6,467,527</u>	<u>\$ 5,169,224</u>	<u>\$ 4,429,482</u>	<u>\$ 2,999,927</u>

Total Consolidated Fund Net Position
(In Thousands)



(Continued)

2016	2015	2014	2013	2012	2011
\$ 1,556,503	\$ 1,890,872	\$ 1,960,118	\$ 2,496,857	\$ 2,788,044	\$ 3,019,878
190,160	248,503	238,981	287,253	300,047	262,898
791,149	761,450	773,600	617,251	504,292	476,187
129,294	116,111	73,060	70,042	52,590	60,067
-	-	-	-	-	188,544
124,438	125,210	129,264	118,366	106,825	132,181
18,767	18,716	20,757	21,920	19,041	19,179
25,296	4,565	24,538	216,728	145,150	9,997
1,584	2,174	1,356	1,327	1,555	1,385
1,970	1,920	1,940	1,972	2,133	1,867
<u>\$ 2,839,161</u>	<u>\$ 3,169,521</u>	<u>\$ 3,223,614</u>	<u>\$ 3,831,716</u>	<u>\$ 3,919,677</u>	<u>\$ 4,172,183</u>

Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund

Fiscal Year Ended June 30
(In Thousands)

	2020	2019	2018	2017	2016	2015
<u>Changes in Net Position</u>						
Operating revenues						
Management services	\$ 1,144	\$ 1,717	\$ 1,245	\$ 1,383	\$ 1,290	\$ 1,297
Advisor services	1,868	1,725	1,463	1,345	1,366	1,553
Custodian services	160	168	134	116	126	132
Total operating revenues	3,172	3,610	2,842	2,844	2,782	2,982
Operating expenses						
Advisor fees	1,868	1,725	1,463	1,345	1,366	1,553
Management fees	743	716	670	637	642	613
Professional service fees	275	272	244	265	231	229
Fiduciary bond	20	20	20	19	19	18
Custodian fees	161	168	131	119	126	132
General and administrative expenses	258	297	256	280	266	258
Depreciation	4	3	2	2	1	2
Total operating expenses	3,329	3,201	2,786	2,667	2,651	2,805
Operating income (loss)	(157)	409	56	177	131	177
Change in net position	\$ (157)	\$ 409	\$ 56	\$ 177	\$ 131	\$ 177
<u>Net Position at Year-End</u>						
Investment in capital assets	\$ 6	\$ 5	\$ 5	\$ 4	\$ 4	\$ 1
Unrestricted	1,293	1,451	1,042	987	810	682
Total net position	\$ 1,299	\$ 1,456	\$ 1,047	\$ 991	\$ 814	\$ 683

(Continued)

2014	2013	2012	2011
\$ 1,353	\$ 955	\$ 1,004	\$ 1,052
1,486	1,366	1,420	1,399
129	132	141	134
2,968	2,453	2,565	2,585
1,486	1,364	1,420	1,399
591	625	647	623
254	222	212	222
44	158	155	155
129	133	141	134
216	222	214	217
3	3	2	2
2,723	2,727	2,791	2,752
245	(274)	(226)	(167)
\$ 245	\$ (274)	\$ (226)	\$ (167)
\$ 3	\$ 5	\$ 7	\$ 6
503	256	528	755
\$ 506	\$ 261	\$ 535	\$ 761

Table 7: Schedule of Net Asset Values — Consolidated Fund Operating and Special Purpose Pools

June 30, 2020

(In Thousands except for Investment Unit Data)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool	Reserve Pool
Paid-in capital	\$ 5,099,974	\$ 262,678	\$ 795,310	\$ 67,909	\$ 120,569	\$ 19,906
Accumulated undistributed net investment income (loss)	-	-	-	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	-	-	-	-
Unrealized net appreciation (depreciation) of investments	-	-	17,809	-	-	-
Net position at value	<u>\$ 5,099,974</u>	<u>\$ 262,678</u>	<u>\$ 813,119</u>	<u>\$ 67,909</u>	<u>\$ 120,569</u>	<u>\$ 19,906</u>
Investment unit data:						
Units outstanding	5,099,973,612	262,678,393	7,815,027	67,909,413	120,569,403	19,905,392
Net position, unit price	\$ 1.00	\$ 1.00	\$ 104.05	\$ 1.00	\$ 1.00	\$ 1.00

Table 8: Portfolio Statistics — Consolidated Fund Operating Pools**June 30, 2020**

	West Virginia Money Market	West Virginia Government Money Market	West Virginia Short Term Bond Pool
Weighted Average Days to Maturity	44 days	50 days	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	620 days
Effective Duration Permissible Range Per Board Guidelines	N/A	N/A	530 to 795
Money Market Yield - Monthly	0.50%	0.32%	N/A

The money market yield represents the rate of income, net of expenses, earned over the past month and is not intended to indicate future performance. The return is annualized over a 365-day year, assuming no reinvestment of earnings.

Table 9: Participant Net Asset Values — Consolidated Fund Operating Pools**June 30, 2020***(In Thousands)*

WV Money Market Pool			
State Agencies:		Local Governments:	
WV State Treasurer's Office:		Wood Co Board of Education	14,500
State Participation	\$ 1,704,559	Mercer County Board of Education	29,690
Banking Services	400,164	City of Charleston	24,782
Safekeeping	34,275	Fayette County Board of Education	21,236
Safe Road Bonds	42	Marshall County Board of Education	16,794
Roads to Prosp Debt Service	77	Tyler Co Board of Education	8,415
Broadband Loan Guarantee	10,004	Taylor County Board of Education	8,314
Prepaid Tuition Trust	5,977	Boone County Commission	4,926
Veterans Lottery	1,292	Braxton County Board of Education	5,497
Total WV State Treasurer's Office	<u>2,156,390</u>	Kanawha EOC	4,761
Department of Transportation	1,590,987	Berkeley Co PSSD	5,852
Higher Education Policy Commission	261,377	Berkeley Co PSWD	4,026
Public Employees Insurance Agency	80,073	Lewis County Board of Education	1,827
Department of Environmental Protection	89,674	City of Weirton	1,877
WV Lottery Commission	79,923	Lincoln County Board of Education	5,326
Department of Commerce	139,012	Roane County Board of Education	8,493
Department of Health and Human Resources	60,979	Fayette County Commission	2,229
Division of Natural Resources	85,245	Kanawha County Emergency Ambulance Authority	4,281
Board of Risk and Insurance Management	42,864	Mason County Board of Education	8,805
Water Development Authority	63,192	Ritchie County Board of Education	1,423
WV Municipal Pension Oversight Board	32,364	Wyoming County Board of Education	1,102
WV Economic Development Authority	46,351	Berkeley County Board of Education	12,425
School Building Authority	1,943	Pleasants County Commission	1,045
Regional Jail Authority	13,716	Greenbrier County Board of Education	3,468
WV Housing Development Fund	14,944	City of Ripley	1,093
Insurance Commission	11,763	South Charleston Building Comm	6,438
WV State Auditor's Office	8,212	Putnam County BOE General Current Expense	20,009
Performance and wage bond accounts	20,172	Other	<u>15,484</u>
West Virginia University	36,779	Total Local Governments	<u>244,118</u>
Other	19,896	Total net asset value	<u>\$ 5,099,974</u>
Total State Agencies	<u>4,855,856</u>		

WV Government Money Market Pool	
State Agencies:	
Municipal Bond Commission	\$ 190,005
WV Economic Development Authority	7,787
Other	33,606
Total State Agencies	<u>231,398</u>
Local Governments:	
Ohio County Board of Education	27,686
Hancock County Commission	1,160
Other	2,434
Total Local Governments	<u>31,280</u>
Total net asset value	<u>\$ 262,678</u>

WV Short Term Bond Pool	
State Agencies:	
WV State Treasurer's Office:	
State Participation	\$ 315,059
Banking Services	184,623
Prepaid Tuition Escrow	26,422
Total WV State Treasurer's Office	<u>526,104</u>
Department of Environmental Protection	209,531
WV Lottery Commission	31,923
WV Economic Development Authority	19,120
Higher Education Policy Commission	6,347
DHHR - Children's Health Insurance	3,722
WV Court of Claims	5,299
WV Parkways Authority	3,579
Department of Transportation	2,346
WV State Auditor's Office	2,660
Other	1,690
Total State Agencies	<u>812,321</u>
Local Governments:	
Other	798
Total Local Governments	<u>798</u>
Total net asset value	<u>\$ 813,119</u>

Glossary of Financial and Investment Terms

Agency Security - A security issued by a U.S. Government agency, such as the Federal Home Loan Bank. These securities have high credit ratings but are typically not backed by the full faith and credit of the U.S. Government.

Asset-Backed Commercial Paper (ABCP) - A form of commercial paper that is collateralized by other financial assets such as trade receivables, auto loans and credit cards. Similar to commercial paper, maturities range from one to 270 days.

Asset-Backed Security (ABS) - A financial security that is collateralized by a pool of assets such as loans, leases, credit card debt, royalties or receivables.

Banker's Acceptance - A high quality, short-term negotiable discount note drawn on and accepted by banks that are obligated to pay the face amount at maturity.

Basis Point - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield. One hundred basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Capital Gain (Loss) - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

Certificate of Deposit (CD) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Commercial Paper (CP) - Short-term obligations with maturities ranging from one to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Compounded Annual Total Return - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return smooths fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates because it is set daily by the market.

Federal Open Market Committee (FOMC) - A committee within the Federal Reserve System that is responsible by law for overseeing the nation's open market operations (the Fed's buying and selling of securities in the market). The FOMC makes key decisions about interest rates and the growth of the United States money supply.

Federal Reserve Board - The governing body of the Federal Reserve System (twelve regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes Federal Reserve System policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Floating Rate Note - Securities with a variable coupon rate that is adjusted at set intervals, such as daily, weekly, or monthly. The coupon rate is based on a benchmark interest rate, such as LIBOR, Fed Funds, and Treasury Bills plus or minus a spread.

Gross Domestic Product (GDP) - Total final value of goods and services produced in the United States over a particular period of time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Examples: S&P Index, Lehman Brothers Aggregate Index, Russell 2000 Index.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

London Interbank Offered Rate (LIBOR) - A benchmark interest rate that is calculated daily from estimates submitted by a panel of leading banks in London. Each bank estimates what interest rate it would be charged if it were to borrow from other banks. LIBOR rates are calculated in five currencies and for seven borrowing periods ranging from overnight to one year.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Money Market Fund (MMF) - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. MMF's are managed to maintain a net asset value of \$1 per share.

Mortgage-Backed Security (MBS) - A mortgage-backed security is a type of ABS that is secured by a mortgage or collection of mortgages. There are multiple sub-types of MBS, such as pass-through securities, collateralized mortgage obligations, and commercial mortgage-backed securities. MBS are classified as agency, or government, MBS and non-agency, or private label, MBS. Agency MBS are issued by government sponsored enterprises such as Fannie Mae, Freddie Mac or Ginnie Mae. Certain agency MBS are fully guaranteed as to repayment of principal and interest by the U.S. government. Non-agency MBS are issued by non-governmental issuers such as trusts and other special purpose entities.

Net Asset Value (NAV) - The total assets minus total liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks; however, for bonds it specifies the payment amount at maturity.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Repurchase Agreements (Repos) - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements (Reverse Repos) - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semi-annual coupon payments and are sold at or near par value in denominations of \$1,000 or more.

Turnover - The minimum of security purchases or sales divided by the fiscal year's beginning and ending market value for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

Yield Curve - A graphical representation of the interest rates on debt for a range of maturities. The shape of the yield curve refers to the relative difference, or spread, between longer-term and shorter-term interest rates. Yield curves are used to assess the expected futures state of the economy and play a crucial role in credit modeling, including bond valuation and risk and rating assessment.

Yield to Maturity - The total return anticipated on a bond if it is held until it maturity. Yield to maturity is expressed as an annual rate.