

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 8, 2024

OPERATING REPORT

JUNE 2024

Board of Treasury Investments

315 70th Street, SE
Charleston WV
25304
(304) 340-1564
www.wvbt.com

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

Mark A. Mangano,
Esq. Attorney
Appointed by the
Governor

Executive Staff

Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP

Chief Financial
Officer

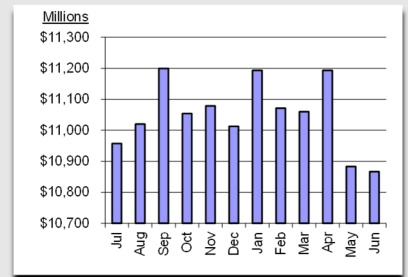
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,866,862,000

Last Month
\$10,883,611,000

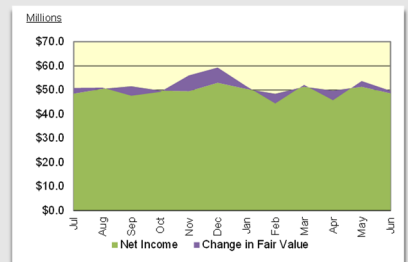
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$612,444,000



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

Money Market Pools

As of June 30, 2024

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.4751%	36 Days	\$9.6 Billion
WV Gov't Money Market	5.3230%	44 Days	\$472.0 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

JUNE 2024

And So, It Begins?

Overview:

The first G7 country cut interest rates during the quarter, as Canada dropped their target interest rate in June. The next day, on June 7th, the European Central Bank followed suit dropping rates by 25 basis points to 3.75%, while the US (5.25%-5.5%) and UK (at 5.25%) left rates unchanged during the quarter. So far in 2024 there have been 20 interest rate cuts around the globe, more than the last two years combined.

Despite modestly lower inflation data for May, the Federal Reserve indicated that inflation is not down to levels that they consider a rate cut appropriate, for the moment. According to the dot plot, which forecasts interest rates, the Federal Reserve's median expectation is for one rate cut in 2024. With inflation seemingly on the right trajectory, and probabilities for multiple rate cuts in 2024 down dramatically from the start of the year, one could assume that rates really have peaked. Time will tell, as interest rate prognostications have historically been difficult.

The markets meanwhile had mixed performance in the month and quarter, with positive returns for large cap growth, which continues to dominate both US and Non-US market performance. Bonds meanwhile had a positive month and eked out a positive quarter across most sectors domestically.

Equity Markets

The AI driven, growth-oriented equity backdrop continued in the month of June with growth beating value by over 700 basis points (Russell 1000 Growth 6.4%, Russell Value -1.0%) and the quarter having an even wider spread at 8.8% for the growth index versus -2.2% for the value index. Small and mid-capitalization stocks also performed poorly in the month (Russell 2000 -0.9%, Russell Midcap -0.7%) and quarter (Russell 2000 and Russell Midcap both at -3.3%) as the higher for longer environment has a greater impact on smaller companies.

Outside of the US performance in the month was also negative for Developed markets (EAFE -1.6%), but emerging markets had a strong month and quarter due to the Asia related tech hubs of Korea (8.9% in the month), and Taiwan (12% in the month) leading the index higher, as well as the continued strong performance of India this year (7.0% in the month, 10.4% quarter) as it benefits from the China divestment story.

Fixed Income

The Bloomberg Aggregate was positive for the month at 0.9% and for the quarter at 0.1%, the first positive quarter for bonds so far in 2024. Fixed income assets around the globe provided a positive return in the month of June. With the exception on Non-US fixed income and longer dated bonds, fixed income assets were also positive in the quarter. The markets seems to be adjusting to the higher for longer narrative and is instead focused on the positives of resilient growth and real yields.

Looking Forward

Happy Fourth of July to our clients and friends. Despite the often heard negative drumbeat, we still live in a country where freedom reigns. Let's enjoy our blessings.

West Virginia Board of Treasury Investments

Financial Highlights as of June 30, 2024

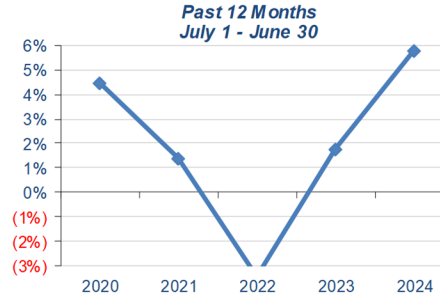
WV Short Term Bond Pool

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

<u>Jul 1 - Jun 30</u>	<u>Return</u>	<u>Net Assets At Jun 30 (In Millions)</u>
2024	5.8%	\$ 682.1
2023	1.7%	\$ 701.5
2022	(3.4%)	\$ 691.8
2021	1.4%	\$ 818.3
2020	4.5%	\$ 813.1

Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

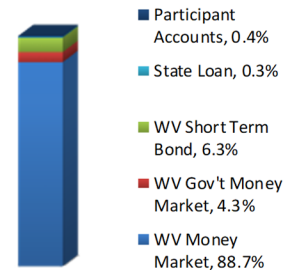
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

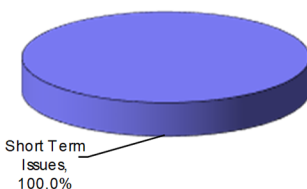
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jun Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,635,478	\$ 43,625	\$ 548,305
WV Gov't Money Market	472,007	2,024	24,340
WV Short Term Bond	682,114	3,771	38,637
WV Bank	0	0	1
Loans	35,742	68	593
Participant Accounts	41,521	161	568
	<u>\$ 10,866,862</u>	<u>\$ 49,649</u>	<u>\$ 612,444</u>

Percent of Total Net Asset Value

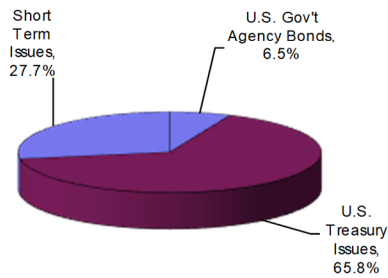


Securities by Type for Operating Pools *(Percentage of Asset Value)*

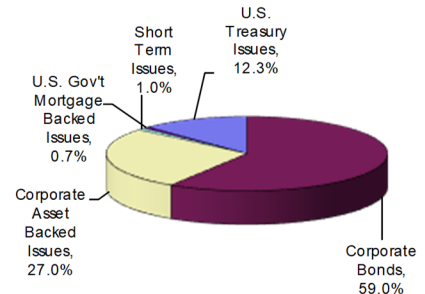
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JUNE 30, 2024
(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets						
Investments:						
At amortized cost	\$ 9,605,111	\$ 476,174	\$ -	\$ 35,557	\$ 40,347	\$ 10,157,189
At fair value	-	-	677,965	-	1,013	678,978
Other assets	31,533	816	6,680	187	162	39,378
Total assets	<u>9,636,644</u>	<u>476,990</u>	<u>684,645</u>	<u>35,744</u>	<u>41,522</u>	<u>10,875,545</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased						
	1,166	4,983	2,531	2	1	8,683
Total liabilities	<u>1,166</u>	<u>4,983</u>	<u>2,531</u>	<u>2</u>	<u>1</u>	<u>8,683</u>
Net Position						
Held in trust for investment pool participants	9,635,478	472,007	682,114	-	-	10,789,599
Held in trust for individual investment account holders	-	-	-	35,742	41,521	77,263
Total net position	<u>\$ 9,635,478</u>	<u>\$ 472,007</u>	<u>\$ 682,114</u>	<u>\$ 35,742</u>	<u>\$ 41,521</u>	<u>\$ 10,866,862</u>
Additions						
Investment income:						
Interest and dividends	\$ 18,723	\$ 968	\$ 2,655	\$ 69	\$ 162	\$ 22,577
Net (amortization) accretion	25,288	1,075	89	-	-	26,452
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>44,011</u>	<u>2,043</u>	<u>2,744</u>	<u>69</u>	<u>162</u>	<u>49,029</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	386	19	44	1	1	451
Total investment expenses	<u>386</u>	<u>19</u>	<u>44</u>	<u>1</u>	<u>1</u>	<u>451</u>
Net investment income	43,625	2,024	2,700	68	161	48,578
Net realized gain (loss) from investments	-	-	(302)	-	-	(302)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>1,373</u>	<u>-</u>	<u>-</u>	<u>1,373</u>
Net increase (decrease) in net position from operations	43,625	2,024	3,771	68	161	49,649
Participant transaction additions:						
Purchase of pool units by participants	1,253,553	26,357	-	-	-	1,279,910
Reinvestment of pool distributions	43,625	2,024	2,589	-	-	48,238
Contributions to individual investment accounts	-	-	-	3,935	162	4,097
Total participant transaction additions	<u>1,297,178</u>	<u>28,381</u>	<u>2,589</u>	<u>3,935</u>	<u>162</u>	<u>1,332,245</u>
Total additions	1,340,803	30,405	6,360	4,003	323	1,381,894
Deductions						
Distributions to pool participants:						
Net investment income	43,625	2,024	2,700	-	-	48,349
Net realized gain (loss) from investments	-	-	(303)	-	-	(303)
Total distributions to pool participants	<u>43,625</u>	<u>2,024</u>	<u>2,397</u>	<u>-</u>	<u>-</u>	<u>48,046</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,336,847	12,026	1,500	-	-	1,350,373
Withdrawals from individual investment accounts	-	-	-	62	162	224
Total participant transaction deductions	<u>1,336,847</u>	<u>12,026</u>	<u>1,500</u>	<u>62</u>	<u>162</u>	<u>1,350,597</u>
Total deductions	<u>1,380,472</u>	<u>14,050</u>	<u>3,897</u>	<u>62</u>	<u>162</u>	<u>1,398,643</u>
Net increase (decrease) in net position from operations	(39,669)	16,355	2,463	3,941	161	(16,749)
Inter-pool transfers in						
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(39,669)	16,355	2,463	3,941	161	(16,749)
Net position at beginning of period	9,675,147	455,652	679,651	31,801	41,360	10,883,611
Net position at end of period	<u>\$ 9,635,478</u>	<u>\$ 472,007</u>	<u>\$ 682,114</u>	<u>\$ 35,742</u>	<u>\$ 41,521</u>	<u>\$ 10,866,862</u>