

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
May 7, 2024

OPERATING REPORT MARCH 2024

Board of Treasury Investments

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Charleston WV
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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

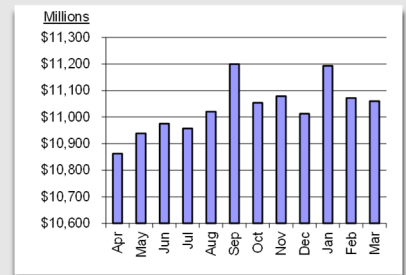
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$11,060,096,000

Last Month
\$11,071,530,000

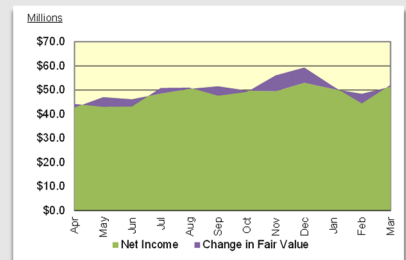
Beginning of Fiscal Year
\$10,975,194,000



**Net Assets for the Past
12 Months**

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

Fiscal Year
\$463,404,000



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

Money Market Pools As of March 31, 2024

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5248%	36 Days	\$9.8 Billion
WV Gov't Money Market	5.3411%	35 Days	\$499.0 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

MARCH 2024

“Comes in like a lion and out like a lamb.”

Overview:

The old adage would not be a good description of how the month of March unfolded. Early in the month equity returns were muted, especially compared to January and February. Bonds, on the other hand, were positive early and faded a bit as the month went on. Inflation data has come in a little hot on a CPI basis, although year over year PCE of 2.5% for February was in-line with expectations, if slightly higher than January's reading of 2.4%. Housing remains elevated and the largest increases in the month were related to energy from higher gas prices.

Despite some concern on inflation and the pace of Federal Reserve rate cuts, returns were positive overall for the month across financial assets. For the quarter, equity returns were strong across the board, while bonds were mixed depending on sector and duration.

Equity Markets

The month and quarter were positive for equity markets. In addition, during the month we saw a broadening of returns from growth into value stocks, while small cap and mid cap stocks outperformed large cap stocks. Non-US stocks performed about equally to large cap US stocks overall. The quarter brought another double-digit return (+10.2%) for US stocks and year-to-date growth has outperformed value. However, the broadening of the market in March provided a positive fundamental backdrop where we also saw the doors to the IPO market re-open, bolstering the smaller end of the market, and hopefully accelerate some private equity distributions as we go through the year.

Fixed Income

It is still about the Fed and potential rate cuts, as volatility continued in the month and quarter. The Bloomberg Aggregate returned 0.9% in the month, with High Yield (+1.3%), long duration (+1.4%) and emerging markets (+1.8%) providing the best returns in the month. For the quarter the Bloomberg Aggregate is still negative (-0.8%), and high yield and emerging markets bonds are the best performers, each returning 1.6%.

Looking Forward

With the first quarter of 2024 behind us, the global monetary environment has changed from the last three years. Already this year there have been more rate cuts than rate increases around the globe (see chart below). This backdrop sets the stage for new phases of economic cycles, and with it a high probability of differing results, providing potential for both opportunity and volatility.

With the added backdrop that the US has been the preeminent growth engine amidst the developed world, the question remains: can goldilocks growth continue while defeating the inflation beast? As Chairman Powell stated in his testimony to Congress in early March: “If the economy evolves broadly as expected, it will likely be appropriate to begin dialing back policy restraint at some point this year. But the economic outlook is uncertain, and ongoing progress toward our 2 percent inflation objective is not assured.” So, it seems prudent that we should continue to watch the data as we proceed into the spring and summer.

West Virginia Board of Treasury Investments

Financial Highlights as of March 31, 2024

WV Short Term Bond Pool

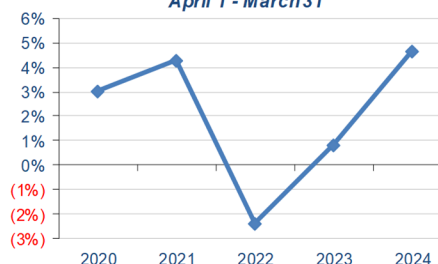
Rates of Return for the Past 12 Months Net of All Fees

<u>April 1 - March 31</u>	<u>Return</u>	<u>Net Assets At Mar 31 (In Millions)</u>
2024	4.7%	\$ 676.1
2023	0.9%	\$ 701.6
2022	(2.3%)	\$ 713.7
2021	4.3%	\$ 797.6
2020	3.0%	\$ 804.2

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

WV Short Term Bond Pool Rates of Return

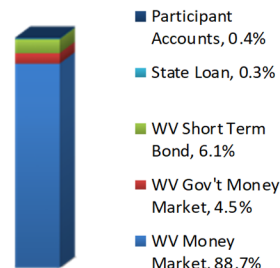
Past 12 Months
April 1 - March 31



Summary of Value and Earnings (In Thousands)

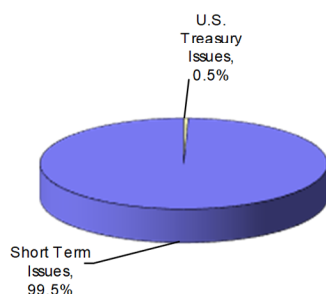
<u>Pool</u>	<u>Net Asset Value</u>	<u>Mar Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,813,200	\$ 46,380	\$ 414,046
WV Gov't Money Market	498,981	2,274	17,781
WV Short Term Bond	676,135	3,358	31,092
WV Bank	0	0	1
Loans	30,747	60	405
Participant Accounts	41,033	33	79
	<u>\$ 11,060,096</u>	<u>\$ 52,105</u>	<u>\$ 463,404</u>

Percent of Total Net Asset Value

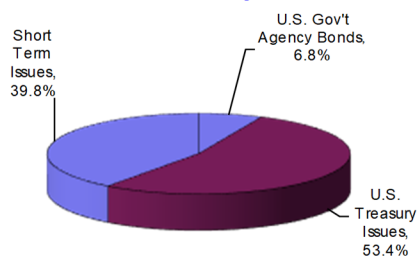


Securities by Type for Operating Pools (Percentage of Asset Value)

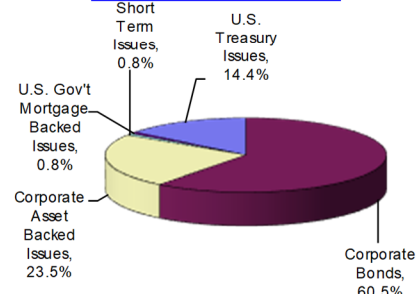
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MARCH 31, 2024
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	Other Pools	Participant Directed Accounts	Total
Assets						
Investments:						
At amortized cost	\$ 9,780,999	\$ 507,305	\$ -	\$ 30,589	\$ -	\$ 10,318,893
At fair value	-	-	672,323	-	41,000	713,323
Other assets	33,344	794	6,276	159	33	40,606
Total assets	9,814,343	508,099	678,599	30,748	41,033	11,072,822
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased	1,143	9,118	2,464	1	-	12,726
Total liabilities	1,143	9,118	2,464	1	-	12,726
Net Position						
Held in trust for investment pool participants	9,813,200	498,981	676,135	-	-	10,988,316
Held in trust for individual investment account holders	-	-	-	30,747	41,033	71,780
Total net position	\$ 9,813,200	\$ 498,981	\$ 676,135	\$ 30,747	\$ 41,033	\$ 11,060,096
Additions						
Investment income:						
Interest and dividends	\$ 20,201	\$ 1,252	\$ 2,494	\$ 60	\$ 33	\$ 24,040
Net (amortization) accretion	26,566	1,044	97	-	-	27,707
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	46,767	2,296	2,591	60	33	51,747
Investment expenses:						
Investment advisor, custodian bank & administrative fees	387	22	45	-	-	454
Total investment expenses	387	22	45	-	-	454
Net investment income	46,380	2,274	2,546	60	33	51,293
Net realized gain (loss) from investments	-	-	(215)	-	-	(215)
Net increase (decrease) in fair value of investments	-	-	1,027	-	-	1,027
Net increase (decrease) in net position from operations	46,380	2,274	3,358	60	33	52,105
Participant transaction additions:						
Purchase of pool units by participants	1,230,945	38,944	-	-	-	1,269,889
Reinvestment of pool distributions	46,443	2,274	1,859	-	-	50,576
Contributions to individual investment accounts	-	-	-	4,264	40,000	44,264
Total participant transaction additions	1,277,388	41,218	1,859	4,264	40,000	1,364,729
Total additions	1,323,768	43,492	5,217	4,324	40,033	1,416,834
Deductions						
Distributions to pool participants:						
Net investment income	46,443	2,274	2,546	-	-	51,263
Net realized gain (loss) from investments	-	-	(216)	-	-	(216)
Total distributions to pool participants	46,443	2,274	2,330	-	-	51,047
Participant transaction deductions:						
Redemption of pool units by participants	1,344,483	32,686	-	-	-	1,377,169
Withdrawals from individual investment accounts	-	-	-	48	4	52
Total participant transaction deductions	1,344,483	32,686	-	48	4	1,377,221
Total deductions	1,390,926	34,960	2,330	48	4	1,428,268
Net increase (decrease) in net position from operations	(67,158)	8,532	2,887	4,276	40,029	(11,434)
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-
Change in net position	(67,158)	8,532	2,887	4,276	40,029	(11,434)
Net position at beginning of period	9,880,358	490,449	673,248	26,471	1,004	11,071,530
Net position at end of period	\$ 9,813,200	\$ 498,981	\$ 676,135	\$ 30,747	\$ 41,033	\$ 11,060,096