

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 8, 2024

OPERATING REPORT

MAY 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

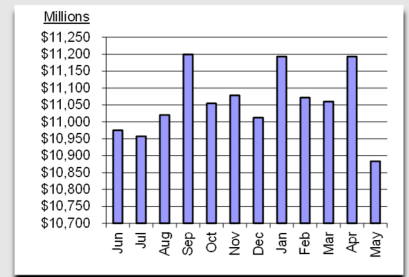
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,883,611,000

Last Month
\$11,193,297,000

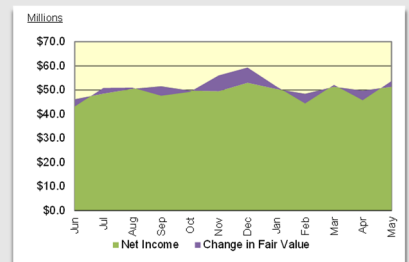
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$562,795,000



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

Money Market Pools

As of May 31, 2024

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5143%	34 Days	\$9.7 Billion
WV Gov't Money Market	5.3392%	43 Days	\$455.7 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

MAY 2024

Positive Returns – Stocks and Bonds

Overview:

May brought us a fresh spring awakening, with positive returns for both stocks and bonds. Despite the continued uncertainty around rate cuts, investors reacted positively to less robust employment results, inflation not accelerating (although still not down to the Fed's desired target), a relatively robust consumer and positive GDP data.

Equity Markets

Equity markets rebounded from the lows of April, returning 5% for the S&P 500 in the month and bringing year-to-date returns back into double digits at 11.3%. Small capitalization stocks were also positive for the month with the Russell 2000 also up 5% and bringing year-to-date returns back into positive territory at 2.7%. Non-U.S. equities were also positive in the month with both the EAFE (+3.9%) and Emerging Markets returns (+0.6%) adding to positive year-to-date returns.

Other market fundamentals are also providing a healthy backdrop for stocks, with dividend growth running at an 8% year over year pace (above the 5 yr average of 5% and the 10-year average of 6.6%). Additionally, announced stock buybacks in Q1 were \$180 billion.

Fixed Income

Longer dated fixed income assets dominated in what was a positive return environment for the asset class in May. The Bloomberg Aggregate Index returned 1.7% and the long duration 30-year Treasury had the highest return in the month at 2.9%. Year-to-date fixed income is still negative with the Aggregate down -1.6%. While we have not quite retraced to the lowest level of yields from earlier in the year, the positive returns in the month were a welcome respite.

Credit related bonds, both investment grade and high yield, were positive in the month and new issue activity in fixed income remains robust, with repricings, refinancings, and amend-to-extend transactions underpinning market activity.

Looking Forward

First quarter 2024 earnings season is behind us, and while mega-cap tech names continued to provide the largest increases, earnings more generally were positive. Year-over-year earnings for the market are flat, with the exception of the large technology names eloquently referred to by some as "MAGMAN", i.e., Microsoft, Apple, Google (Alphabet), Meta, Amazon and Nvidia. But, inclusive of the first quarter of 2024, market earnings have now been positive over the last three quarters.

West Virginia Board of Treasury Investments

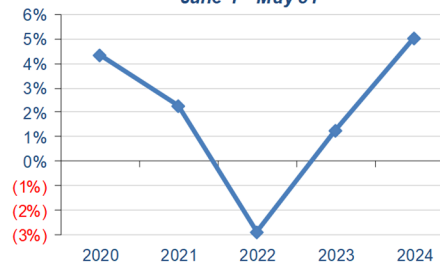
Financial Highlights as of May 31, 2024

WV Short Term Bond Pool

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

<u>June 1 - May 31</u>	<u>Return</u>	<u>Net Assets At May 31 (In Millions)</u>
2024	5.0%	\$ 679.7
2023	1.2%	\$ 702.6
2022	(2.9%)	\$ 704.3
2021	2.3%	\$ 821.1
2020	4.4%	\$ 809.3

**WV Short Term Bond Pool
Rates of Return**
*Past 12 Months
June 1 - May 31*

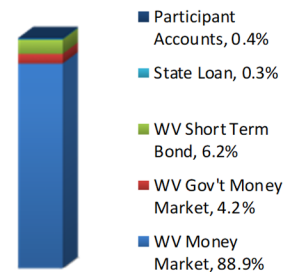


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

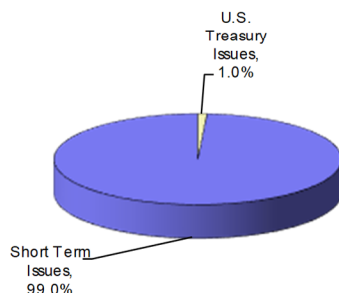
<u>Pool</u>	<u>Net Asset Value</u>	<u>May Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,675,147	\$ 46,004	\$ 504,681
WV Gov't Money Market	455,652	2,317	22,316
WV Short Term Bond	679,651	5,133	34,866
WV Bank	0	0	1
Loans	31,801	62	525
Participant Accounts	41,360	166	406
	<u>\$ 10,883,611</u>	<u>\$ 53,682</u>	<u>\$ 562,795</u>

**Percent of Total Net Asset
Value**

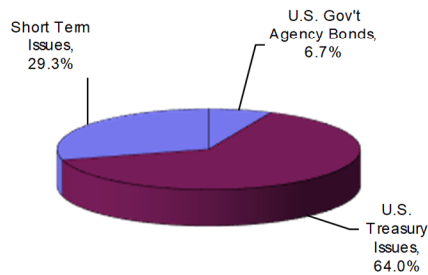


Securities by Type for Operating Pools *(Percentage of Asset Value)*

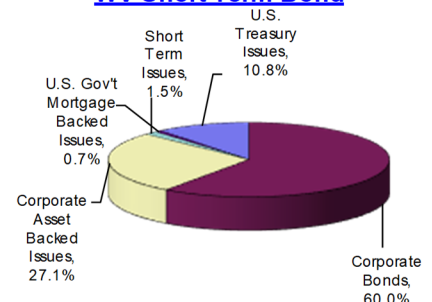
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MAY 31, 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	\$ 9,643,867	\$ 460,162	\$ -	\$ 31,683	\$ 40,186	\$ 10,175,898
At fair value	-	-	682,180	-	1,009	683,189
Other assets	32,059	454	5,800	120	166	38,599
Total assets	<u>9,675,926</u>	<u>460,616</u>	<u>687,980</u>	<u>31,803</u>	<u>41,361</u>	<u>10,897,686</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased						
	779	4,964	8,329	2	1	14,075
Total liabilities	<u>779</u>	<u>4,964</u>	<u>8,329</u>	<u>2</u>	<u>1</u>	<u>14,075</u>
Net Position						
Held in trust for investment pool participants	9,675,147	455,652	679,651	-	-	10,810,450
Held in trust for individual investment account holders	-	-	-	31,801	41,360	73,161
Total net position	<u>\$ 9,675,147</u>	<u>\$ 455,652</u>	<u>\$ 679,651</u>	<u>\$ 31,801</u>	<u>\$ 41,360</u>	<u>\$ 10,883,611</u>
Additions						
Investment income:						
Interest and dividends	\$ 20,109	\$ 1,262	\$ 2,621	\$ 63	\$ 167	\$ 24,222
Net (amortization) accretion	26,323	1,076	155	-	-	27,554
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>46,432</u>	<u>2,338</u>	<u>2,776</u>	<u>63</u>	<u>167</u>	<u>51,776</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	399	21	45	1	1	467
Total investment expenses	<u>399</u>	<u>21</u>	<u>45</u>	<u>1</u>	<u>1</u>	<u>467</u>
Net investment income	<u>46,033</u>	<u>2,317</u>	<u>2,731</u>	<u>62</u>	<u>166</u>	<u>51,309</u>
Net realized gain (loss) from investments	(29)	-	(141)	-	-	(170)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>2,543</u>	<u>-</u>	<u>-</u>	<u>2,543</u>
Net increase (decrease) in net position from operations	<u>46,004</u>	<u>2,317</u>	<u>5,133</u>	<u>62</u>	<u>166</u>	<u>53,682</u>
Participant transaction additions:						
Purchase of pool units by participants	1,007,815	36,746	-	-	-	1,044,561
Reinvestment of pool distributions	46,003	2,317	1,760	-	-	50,080
Contributions to individual investment accounts	-	-	-	1,052	156	1,208
Total participant transaction additions	<u>1,053,818</u>	<u>39,063</u>	<u>1,760</u>	<u>1,052</u>	<u>156</u>	<u>1,095,849</u>
Total additions	<u>1,099,822</u>	<u>41,380</u>	<u>6,893</u>	<u>1,114</u>	<u>322</u>	<u>1,149,531</u>
Deductions						
Distributions to pool participants:						
Net investment income	46,033	2,317	2,731	-	-	51,081
Net realized gain (loss) from investments	(29)	-	(142)	-	-	(171)
Total distributions to pool participants	<u>46,004</u>	<u>2,317</u>	<u>2,589</u>	<u>-</u>	<u>-</u>	<u>50,910</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,338,256	69,838	-	-	-	1,408,094
Withdrawals from individual investment accounts	-	-	-	57	156	213
Total participant transaction deductions	<u>1,338,256</u>	<u>69,838</u>	<u>-</u>	<u>57</u>	<u>156</u>	<u>1,408,307</u>
Total deductions	<u>1,384,260</u>	<u>72,155</u>	<u>2,589</u>	<u>57</u>	<u>156</u>	<u>1,459,217</u>
Net increase (decrease) in net position from operations	<u>(284,438)</u>	<u>(30,775)</u>	<u>4,304</u>	<u>1,057</u>	<u>166</u>	<u>(309,686)</u>
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	<u>(284,438)</u>	<u>(30,775)</u>	<u>4,304</u>	<u>1,057</u>	<u>166</u>	<u>(309,686)</u>
Net position at beginning of period	9,959,585	486,427	675,347	30,744	41,194	11,193,297
Net position at end of period	<u>\$ 9,675,147</u>	<u>\$ 455,652</u>	<u>\$ 679,651</u>	<u>\$ 31,801</u>	<u>\$ 41,360</u>	<u>\$ 10,883,611</u>