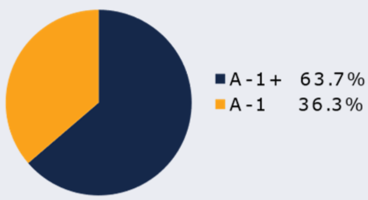
West Virginia Government Money Market Pool

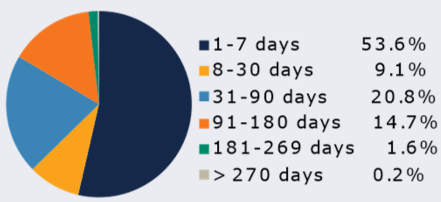
Portfolio Overview as of 2/29/2024

Pool Assets
$490 Million

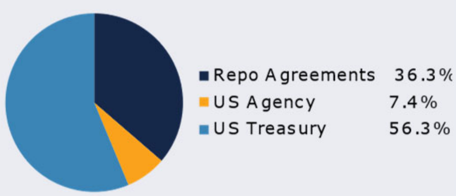
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Weighted Average Maturity
37 Days

Top Holdings (%)

United States Treasury	56.3%
Goldman, Sachs & Co	21.2%
Bank of America Securities	15.1%
Federal Farm Credit Bank	4.9%
Federal Home Loan Bank	2.5%
Total % of Portfolio	**100.0%**

The West Virginia Government Money Market Pool is a money market portfolio created to invest restricted moneys of participants in US Treasury and US Government Obligations. The objective of the portfolio is to preserve capital and to maintain sufficient liquidity to meet daily disbursements, while earning a return above inflation. The risk factor is low and managed through numerous maturity restrictions, diversification, guidelines, and credit limits.

Pool Features and Benefits:

» Professional management is provided by the West Virginia Board of Treasury investments' staff and professional investment advisors (UBS Global Asset Management).

» Rated AAAm by Standard & Poor's.

» Seeks to maintain a net asset value (NAV) of $1 per share.

» Investment yields are competitive with other government money market accounts.

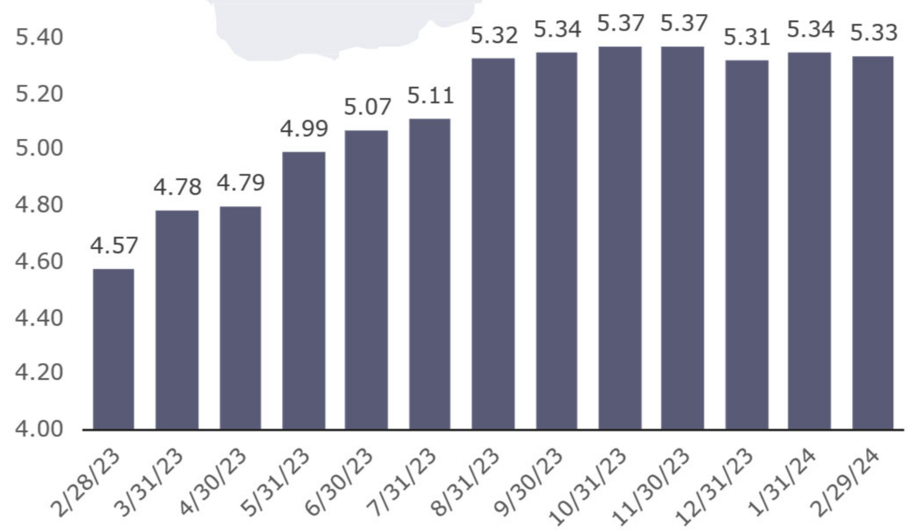
» Easy access is provided through the State Treasurer's Office online system.

» Account can be opened for as little as $100 with no limit on the number of transactions.

» Contributions and withdrawals are allowed daily.

» Income is distributed on a daily basis.

7-Day Simple Money Market Yield (%)



To learn how to make the West Virginia Government Money Market Pool work for your cash investing needs call: 304-340-1564 or visit: wvbti.org

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.
An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.
An AAAm rating by Standard & Poor's is obtained after S&P evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change and do not remove market risk.

Commentary

Markets heed data, not Fed Speak

Federal Reserve Chair Jerome Powell has been talking himself hoarse lately. Ever since he failed to push back against the market's overly ebullient expectations for rate cuts following the December policy meeting, he has told anyone who'd listen the Fed isn't ready to declare victory over inflation. His press conference in January and a 60 Minutes interview didn't do the trick; neither has sending forth nearly every Federal Open Market Committee (FOMC) member to shout this message from street corners.

In an appropriate twist for the data-dependent Fed, it was a series of economic reports that stemmed the tide. Robust gross domestic product and employment figures, sticky wage, consumer and producer inflation, and respectable manufacturing and housing numbers did what the policymakers could not. In late December, futures contracts predicted upward of seven quarter-point cuts in 2024. Following the bump in the month-over-month core Personal Consumption Expenditures (PCE) index in January, they have priced in essentially three—in line with Fed projections. That's why we—and really everyone—anticipates no rate action at the mid-March or early May policy-setting meetings and expect the first ease to come in June or July.

Market participants will surely raise their fists to the Fed again, and it is understandable. Powell and company were so behind the ball when they first tightened rates long after inflation had exploded. But the shift in sentiment, along with the pause itself, has benefited cash managers and investors. Across the liquidity industry, elevated yields and extended average maturities have created better relative value in our humble opinion.

This means the street can worry about something else, and the Fed's balance sheet fits that bill. The pace and ramifications of quantitative easing also should not spark concern. It's been so long since it's been a focus, my guess is more than a few have forgotten the exact numbers ($95 billion in government securities, split between $60 billion in Treasuries and $35 billion in agency mortgage back securities) rolling off each month. The balance sheet had ballooned to $8.9 trillion but sits at around $7.6 trillion now. The point of contention is that it will shrink too far, lowering reserves and reducing market liquidity. In the back of the policymakers' collective mind is to avoid a spike in overnight rates like what occurred in September 2019. This should not happen. Not only is the balance sheet much larger now, but also banks hold more reserves to ensure liquidity. Short of a revolt in the bond market, the taper should continue smoothly with a target of between $6 and $7 trillion and end in 2025. But this depends on how well the Fed communicates the process, starting in the upcoming FOMC meeting—and if the markets listen.

At the end of the month, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.40%, 5.33% and 5.00%, respectively.