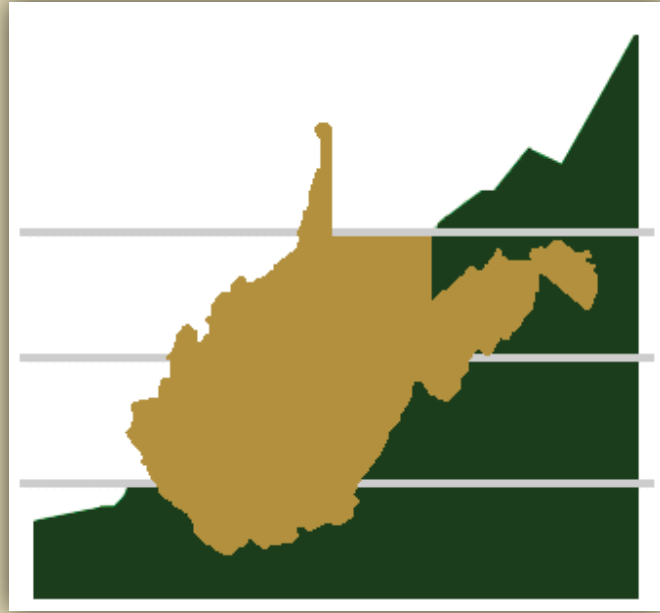


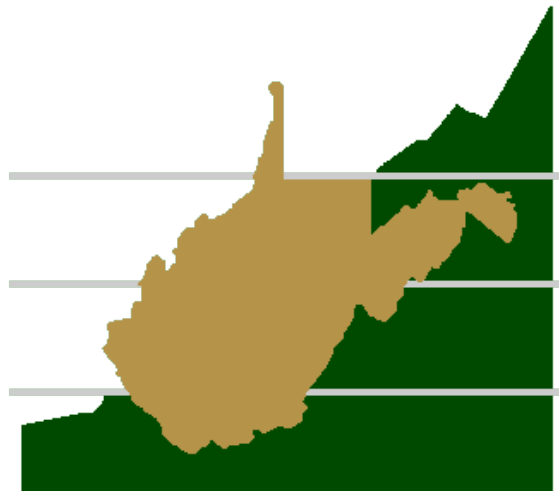
2011 Annual Report



**West Virginia
Investment Management Board**

Annual Report

Year Ended June 30, 2011



The West Virginia Investment Management Board is dedicated to providing prudent, efficient and professional investment management on behalf of and in the best interest of the beneficiaries of the assets with which it has been entrusted.

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Definition of Terms and Abbreviations

The following terms and abbreviations are used throughout the West Virginia Investment Management Board's Annual Report and are listed here to help with the overall understanding and readability of this document.

Allocation Committee	A three-member committee that includes the Executive Director, the Chief Investment Officer, and the Board named investment consultant, authorized to modify the Strategic Allocation from time to time, subject to the allocation range limits.
Board	The thirteen-member Board of Trustees that governs the West Virginia Investment Management Board.
Cap	Abbreviation for "capitalization," referring to the size of the investment market for that particular asset style.
IMB	The "West Virginia Investment Management Board" including its Trustees, plan Representatives, Committee Members, and staff.
Neutral Target	The absolute percentage weighting assigned to an asset class or the secondary components within an allocation to which rebalancing should ultimately occur in the absence of an Allocation Committee modification.
Participant Plan (Participant)	A specific group of assets entrusted to the West Virginia Investment Management Board. Retirement plans, endowments, and insurance trusts, for example, are all Participant Plans.
Policy Allocation	The allocation between the three major asset classes – global equity, fixed income, and cash – whose purpose is to serve as return generators, or diversifiers, or some combination of both.
Pool	Refers to the specific investment pool created and operated by the West Virginia Investment Management Board for a specific investment asset class.
Range Allocation	The Board has placed ranges (Allocation Ranges) around the Strategic Allocation in order to maintain appropriate risk controls. Allocation decisions made by the Allocation Committee are defined as the Range Allocation.
Strategic Allocation	Represents allocations to secondary components of the three major asset classes defined in the Policy Allocation. For example, large cap, small cap, value, growth, etc. Allocations to these secondary components generally represent longer-term beliefs about the relative attractiveness between different segments within an asset class.

Introduction

Message from Chairman

September 13, 2011

Dear Fellow West Virginians:

On behalf of the trustees of the West Virginia Investment Management Board, I am pleased to present the Board's annual financial report for the fiscal year ending June 30, 2011. Please note that additional information about the Investment Management Board may be accessed electronically on its website, www.wvimb.org.

I am pleased to announce that the Investment Management Board's assets returned 20.7 percent for fiscal year 2011 (using the Public Employees' Retirement system as a proxy for all long-term assets). This is the highest return the defined benefit plans have achieved since 1985. Importantly, this follows the 16.0 percent return achieved in fiscal year 2010, lifting the return for the ten-years ending June 30, 2011 to 6.3 percent. While I am pleased with the Board's performance, I am cognizant of the difficulties the Board faces achieving the actuarial assumed rate of 7.5 percent going forward into what promises to be a challenging economic environment. It is important to remind ourselves, however, that the time horizon is long-term.

I wish to thank fellow trustees and the staff of the Investment Management Board for their dedicated service. I commend the Board on its professionalism, commitment to the mission, and customer service.



Earl Ray Tomblin
Governor of the State of West Virginia
Chairman of the Board of Trustees

Message from Executive Director

September 13, 2011

It is with great pleasure that I submit the Annual Report of the West Virginia Investment Management Board (IMB). The IMB is considered an internal service fund of the State of West Virginia for financial reporting purposes and, as such, the significant financial information contained in the report is also included in the State of West Virginia's comprehensive annual financial report. The information presented in this report is the responsibility of the management of the IMB, and sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. The report is also designed to comply with the reporting requirements of Chapter 12, Article 6, Section 6 of the West Virginia Code, as amended. This report is divided into the following sections:

- **Organization** – Contains general information regarding trustees and staff, history of the IMB, statutory mandate, administrative mandate, and investment philosophy.
- **Investment Objectives and Financial Highlights** – Outlines the more specific objectives and performance of each of the investment pools.
- **Participant Plans** – Contains a brief description of each of the participant plans whose assets are entrusted to the IMB.
- **Audited Financial Statements** – Contains the independent auditor's report, the financial statements and notes thereto, and required supplementary information regarding the investment pools administered by the IMB and the IMB's Administrative Fund.

Please note that the audited financial statements are presented separately for each pool. The separate presentation clarifies that the independent auditor is issuing their audit opinion on each pool individually and not as a collective whole.

As an investment organization, the IMB's constant focus is the performance of its investments as it seeks to satisfy the investment needs of the beneficiaries of the assets entrusted to it. The majority of assets managed by the IMB are for participants with longer time horizons. These include the defined pension plans, employment security plans and other trust assets.

Defined benefit pension plans make up approximately 80 percent of the IMB's total assets. For general comparison purposes, the IMB uses the Public Employees' Retirement System (PERS) as a proxy for the other systems because of its similarity to other statewide public plans throughout the nation. As of June 30, 2011, the return for PERS was up 20.7 percent net of expenses for the fiscal year. As you well know, of greater significance is the longer-term performance. In that regard, over the five years ending June 30, 2011, the IMB's return was 5.4 percent versus the policy benchmark of 5.1 percent. Over the ten-year period ending June 30, 2011, the IMB's return was 6.3 percent versus the policy benchmark of 5.5 percent. This represents millions of dollars in value added by trustees and staff. Specifically, for the defined benefit pension plans, the returns for the fiscal year ending June 30, 2011 ranged from 20.5 percent for the State Police Retirement System to 20.9 percent for the Public Safety Retirement System. Since asset allocations are virtually the same for each plan, differences in the returns for the various pension plans are a function of the differences in the timing of cash flows into and out of each plan and relative levels of cash equivalent securities necessary to make benefit payments. The Teachers' Retirement System is an exception as it inherited investments in an annuity product when assets of participants were moved from the Teachers' Defined Contribution Plan (managed by the Consolidated Public Retirement Board) to the IMB in December 2008. Other trust assets, including the Wildlife Endowment Fund and Prepaid Tuition Trust Fund have similar asset allocations to the defined benefit pension plans and returned 20.7 and 19.7 percent respectively.

With regard to employment security assets, the reader will note a significant difference in returns from defined benefit plans. Although the difference in the timing of cash flows is a factor in the differences in the returns of these insurance assets versus other types of assets, the differences in the respective plans' allocation to stocks and hedge funds play a much greater role. For fiscal year 2011, 20 percent of the Coal Workers' Pneumoconiosis Fund was allocated to hedge funds while the Workers'

Message from Executive Director

Compensation Old Fund had a zero allocation. The Public Employees' Insurance Agency had a 10 percent allocation to stocks and 10 percent allocation to hedge funds. As a result, the returns for employment security assets for the fiscal year ending June 30, 2011 range from 4.7 percent for the Workers' Compensation Uninsured Employers' Fund to 15.1 percent for the Access West Virginia Fund.

Herein, the plans, as a group, are generally referred to as "Participant Plans." Specific data on returns and objectives on all participant plans may be found in the pages that follow.

The IMB is partially responsible for adequate funding of the defined benefit pension plans with the expectation that it will return 7.5 percent on the assets entrusted to it. Any time the IMB fails to achieve that return, there is a decrease in the funded liability. Every time the IMB achieves a return greater than 7.5 percent, there is an increase in the funded liability. The turmoil in the capital markets in fiscal year 2009 and the subsequent negative return for IMB assets reduced the funded liability causing an increase in employer contributions and stress on the State's budget. But for the last quarter of that year, however, the stress would have been much greater. The great performances in fiscal year 2010 and now fiscal year 2011 improved the funded position and help relieve the stress on the State's budget. This period of good performance is a testament to the structure and management of the IMB. It is sometimes said that the greatest risk to an institution like the IMB in times of crisis is that it will panic and abandon its asset allocation. The portfolio that suffered through the market turmoil of 2008 and early 2009 is essentially the same portfolio that produced great relative returns in fiscal year 2009, great relative and absolute returns in fiscal year 2010 and great absolute returns in fiscal year 2011.

As an investor, the IMB's capacity to generate return on assets is largely a function of growth in the world capital markets. Diversification helps smooth the volatility in capital markets, but growth is the engine of returns. Last year I stated that the road ahead was foggy and treacherous, that credit, employment, and income growth in the developed world would face many challenges and that the emerging markets of the world are better positioned for growth but will likely experience more volatility. The outlook remains the same. It will be a challenge to achieve the returns expected of the IMB, but staff looks forward to helping trustees cope with the challenges as fiscal year 2012 unfolds.



H. Craig Slaughter
Executive Director

Organization

Board of Trustees – Fiscal Year 2011

Earl Ray Tomblin, Chairman

Governor of the State of West Virginia

Joe Manchin III

Governor of the State of West Virginia *to November 15, 2010*

James R. Alsop

Partner in the law firm of Jackson Kelly, PLLC
Period of Appointment | July 6, 2009 – July 18, 2010

Steve Antoline

Businessman

Guy Bucci

Bucci Bailey & Javins, LC

Glen B. Gainer III

Auditor of the State of West Virginia

David A. Haney

Executive Director of the West Virginia Education Association

Roger D. Hunter

Partner in the law firm of Spilman Thomas & Battle, PLLC

David H. McKinley

President and Managing Director of McKinley | Carter Wealth Services

John D. Perdue

Treasurer of the State of West Virginia

Marie L. Prezioso

Director, Raymond James & Associates, Inc., Charleston, West Virginia

Jack Rossi

PLLC Member in Arnett & Foster Certified Public Accountants, PLLC

Steven L. Smith

Administrator of the West Virginia Laborers Trust Funds

Randall E. Snider

President and Chief Executive Officer of Community Bank

Representatives and Committee Members – Fiscal Year 2011

Deputy Sheriff's Retirement System

David D. Gentry, Representative

Terry Miller, Committee Member

Paul O'Dell, Jr., Committee Member

Judges' Retirement System

Robert B. Stone, Representative

Public Employees' Retirement System

Patricia Hamilton, Representative

Keith Chapman, Committee Member

State Police Death, Disability and Retirement Fund

Joseph R. Adams, Representative

State Police Retirement System

John W. Smith, Jr., Representative

Teachers' Retirement System

Tony Lautar, Jr., Representative

Robert L. Brown, Committee Member

Dale Lee, Committee Member

Emergency Medical Services Retirement System

Larry W. Cole, Representative

Coal Workers' Pneumoconiosis Fund

Melinda Kiss, Representative

Workers' Compensation Old Fund

Bill Kenny, Representative

By statute, the Consolidated Public Retirement Board and the West Virginia Offices of the Insurance Commissioner are responsible for appointing a representative for each plan who may select a committee of up to three individuals. The Representative and Committee Members work with the Investment Management Board to develop the investment policy for their respective plan. They are appointed on an annual basis.

Staff Members – Fiscal Year 2011

Executive Staff

Craig Slaughter, J.D., Executive Director

Matthew Jones, CPA, CCM, Chief Financial Officer / Chief Operating Officer

Kristy Watson, CFA, Chief Investment Officer

Investments Division

Rod Livingston, CFA, CAIA, CCM, MBA, Senior Investment Officer

Tom Sauvageot, CAIA, MBA, Fixed Income and Real Estate Investment Officer

Jim Herrington, CFA, MBA/MSM, Private and Public Equity Investment Officer

Operations Division

Roger Summerfield, CPA, Director of Operations

Steve Frenchik, CPA, MBA, Financial Reporting Manager

Brian DuBois, Senior Investment Accountant

Linda Davis, Trade Analyst

Crystal Hunt, Investment Accountant

Kristen Lanham-Meadows, CPA, MBA, Investment Accountant

Laura Leport, MBA, Investment Accountant

David McCormick, Investment Accountant

Aaron Souza, Investment Accountant

Traci Pollitt, CPA, Senior Alternative Investment Analyst

James Atkins, CPA, Alternative Investment Analyst

Support Staff

Jo Ann Harrison, CPS, Administrative Assistant to the Executive Director

Jane Heitz, Secretary / Receptionist

Shane Jividen, CPA, Human Resources and Office Administrator

Milly Torman, Administrative Assistant to the Chief Investment Officer

Technology Division

John Cole, Director of Technology

Rick Greathouse, Network Administrator

Rebecca King, CPA, Enterprise Information Architect

Internal Audit

Melissa Petit, MBA, CPA, CIA, CIDA, Director of Internal Audit

Tabitha Crist, CPA, Internal Audit Associate

Organizational History

The West Virginia Investment Management Board came into existence in the spring of 1997 after years of hard work modernizing the State's investment management structure. This structural modernization was widely acknowledged as a necessary precursor to the passage of a constitutional referendum to allow investment in stocks. The risks were perceived to be too great to be managed by anything but a modern, professional entity.

Although the West Virginia Investment Management Board's predecessors, the West Virginia State Board of Investments and the West Virginia Trust Fund, Inc., brought about vast improvements, each had significant shortcomings. However, with the creation of the West Virginia Investment Management Board, the State achieved a balance between control and independence that will allow efficient and prudent investment management of long-term assets well into the future.

The beginning of the modern era in investment management by the State goes back to the late 1970s with the consolidation of the investment authority for the State's defined benefit plans, employment security plans, and other assets into a newly created West Virginia State Board of Investments. One of the goals of the legislation was to achieve economies of scale by commingling like assets.

Significantly, this newly created West Virginia Board of Investments was staffed by the State Treasury and the board itself was made up of the State's Governor, Treasurer, and Auditor.

Although a step in the right direction, the initial West Virginia State Board of Investments lacked proper or sufficient control features. After a few problems in the 1980s, principally involving its short-term pool, the Consolidated Fund, the board was expanded to seven members, adding four members from the private sector including an attorney experienced in financial matters and a Certified Public Accountant.

In the fall of 1990, the Legislature took a huge leap forward by creating a staff for the West Virginia State Board of Investments separate from the staff of the Treasury. This provided clear accountability to the Board of Investments – something that did not exist previously.

Other very important control features included: (1) a statutory requirement for an Internal Auditor, (2) an annual external audit by a certified public accounting firm, and (3) monthly reporting requirements to government leaders in accordance with generally accepted accounting principles. This last feature dictated that all pools with a weighted average maturity in excess of 90 days must be marked-to-market (carried at market value), something that had not been done in the 1980s.

At the same time, the West Virginia Board of Investments made its first tepid step towards a diversified portfolio to be invested in stocks domiciled in the United States. Although it made some initial stock purchases in 1993, which were subsequently liquidated at a gain, the statute was challenged and the West Virginia Supreme Court ruled that investing in equities was unconstitutional.

In 1996, in an effort to satisfy the constitutional strictures, the Legislature carved out the pension and employment security funds with long time horizons and placed them in a trust to be managed by a new entity called the West Virginia Trust Fund, Inc. The creation of the trust as a vehicle to allow investment in stocks was also challenged and was struck down, failing to satisfy the constitutional concerns of the Supreme Court. It did, however, bring about three very important changes. The Legislature, demonstrating impeccable managerial foresight, granted the West Virginia Trust Fund, Inc. control over its own budget. With the same foresight, the Legislature imposed personal fiduciary liability on the board and staff of the West Virginia Trust Fund, Inc. Of no less importance was the creation of representative roles for members of the retirement systems and employment security systems.

With the failure of the West Virginia Trust Fund, Inc., it and the West Virginia State Board of Investments were replaced in 1997 by a new entity, the present day West Virginia Investment Management Board. The basic modernization process was complete. All of the improvements made in the Board of Investments and the West Virginia Trust Fund, Inc. were incorporated into the new entity.

The Legislature, for policy reasons, transferred the Consolidated Fund on July 8, 2005 to a newly created West Virginia Board of Treasury Investments, chaired by the State Treasurer. This was widely perceived as a policy move to ensure direct governmental oversight of State general and special revenue funds. The West Virginia Investment Management Board continues to manage the retirement funds, the employment security funds, and other assets with long time horizons.

Finally, in 2007 the Legislature expanded the investable universe of assets, increasing the allowable allocation to public equity and international securities, while also providing for a significant allocation to "alternative investments," loosely defined as hedge fund and private equity.

Statutory Mandate

The West Virginia Investment Management Board was created during the 1997 legislative session and is cited as the *West Virginia Investment Management Board Act* (the Act). The legislative findings of the Act make it clear that the West Virginia Investment Management Board was intended to be a professional, apolitical, financial management organization dedicated to the interests of the State's teachers, public employees and workers in general. The Act was intended to give the West Virginia Investment Management Board "...the authority to develop, implement and maintain an efficient and modern system for the investment and management of the State's money." In order to accomplish this purpose, the Act further stated that the West Virginia Investment Management Board must "...operate as an independent board with its own full-time staff of financial professionals immune to changing political climates..." [West Virginia Code §12-6-1(a)(b)] The Act also mandates that the assets contributed by the public employee and employer to the 401(a) Plans and the assets of the Workers' Compensation Fund and the Coal Workers' Pneumoconiosis Fund, are "declared to be irrevocable trusts, available for no use or purpose other than for the benefit of those public employees...workers, miners and their beneficiaries..." [West Virginia Code §12-6-1(c)(d)] The West Virginia Investment Management Board is further "empowered by this Article to act as Trustee of the irrevocable trusts created by this Article, and to manage and invest other state funds." [West Virginia Code §12-6-1a(f)]

The standard of care mandated by the Statute is that codified in the "Uniform Prudent Investor Act", Article 6C of Chapter 44 of the *West Virginia Code*. The West Virginia Investment Management Board is further subject to the following requirements:

- (a) *Trustees shall discharge their duties with respect to the 401(a) Plans for the exclusive purpose of providing benefits to participants and their beneficiaries;*
- (b) *Trustees shall diversify fund investments so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so;*
- (c) *Trustees shall defray reasonable expenses of investing and operating the funds under management;*
- (d) *Trustees shall discharge their duties in accordance with the trust documents and instruments governing the trusts or other funds under the management insofar as the documents and instruments are consistent with provisions of this Article; and*
- (e) *The duties of the Board apply only with respect to those assets deposited with or otherwise held by it. [West Virginia Code §12-6-11]*

Administrative Mandate

Governance of the West Virginia Investment Management Board is vested, by statute, in a thirteen-member Board of Trustees. Three members of the Board serve by virtue of their office: the Governor, the Auditor, and the Treasurer. The other ten are appointed by the Governor and confirmed by the Senate. All appointees must have experience in pension management, institutional management or financial markets. In addition, one must be an attorney experienced in finance and investment matters and another must be a Certified Public Accountant. Only six of the ten appointed Trustees may be from the same political party. The Governor serves as Chairman of the Board. A Vice-Chairman is elected by the Trustees. A Secretary, who need not be a member of the Board, is also elected by the Trustees to keep a record of the proceedings of the Board.

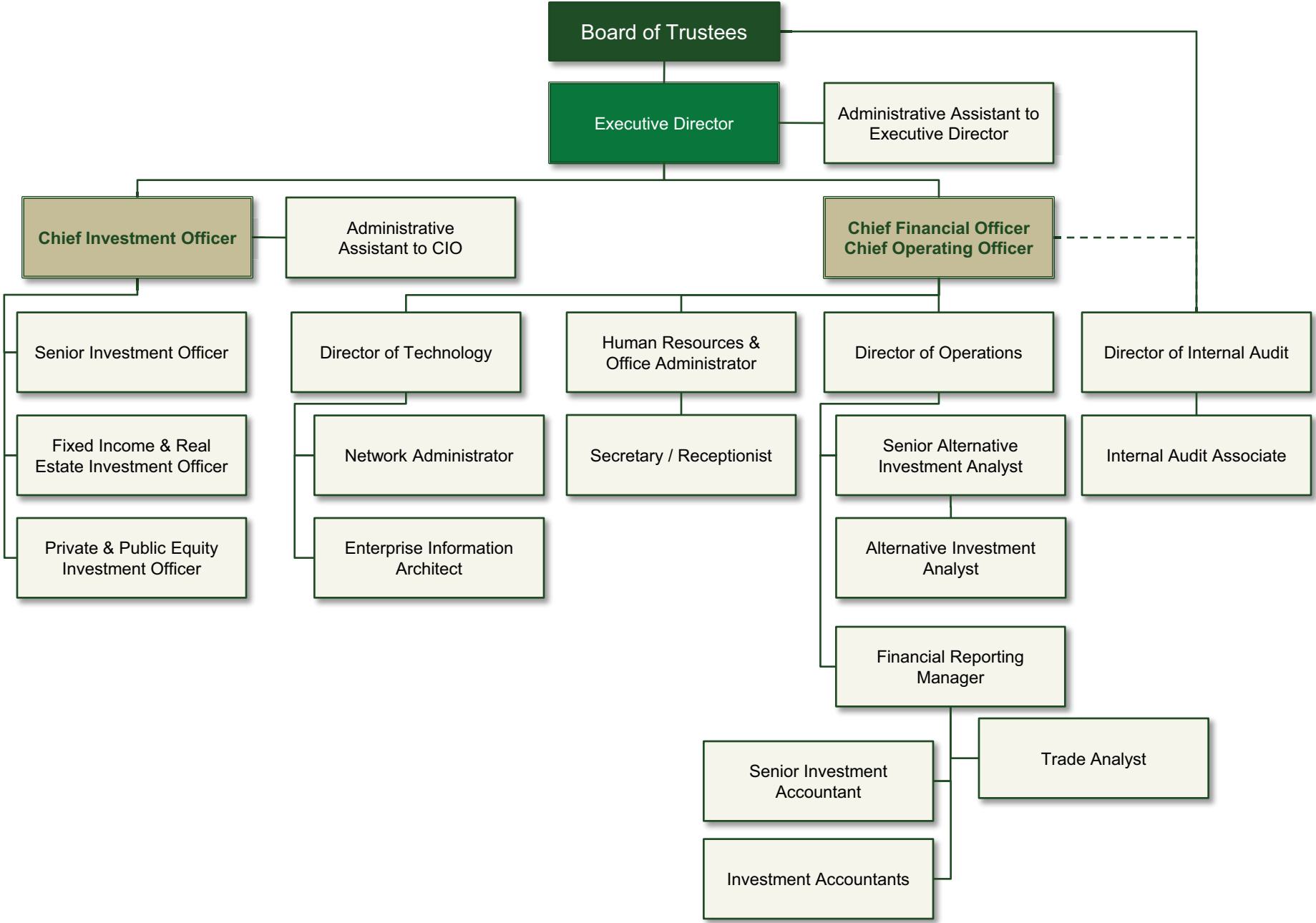
A member of each defined benefit retirement plan is designated by the Consolidated Public Retirement Board to represent the Participant Plans' interests. Likewise, the West Virginia Insurance Commission designates a representative for the Coal Workers' Pneumoconiosis Fund and the Workers' Compensation Old Fund. Each of the Representatives may designate up to three persons to comprise a committee representing their respective plan's beneficiaries. The Representatives and Committee Members do not have a vote but have the right to be heard at the annual meetings of the Board and are subject to the same code of conduct and requirements of confidentiality that apply to the Trustees.

The day-to-day management of the West Virginia Investment Management Board is delegated to the Executive Director who is appointed by the Board and serves at its will and pleasure. The Executive Director acts as an advisor to the Board on all matters.

The staff of the West Virginia Investment Management Board is divided into two principal divisions—Investments and Operations.

The Operations Division is focused on providing the back office support necessary for the organization to function on a day-to-day basis. The Investments Division is structured to devote its time and resources to staying current with new developments and research in the investment field and being prepared to apply this knowledge to the investment of assets for the West Virginia Investment Management Board. See the organization chart on the following page.

Organization Chart



Investment Philosophy

The primary objective of the investment pools is to provide benefits to its participants and beneficiaries. Based on general beliefs about the investment return available from a well-diversified, prudently invested portfolio, the Board has adopted specific investment objectives for each Participant Plan.

In order to achieve a specified real rate of return, the Board relies on the prevailing financial theory, which currently is an investment strategy utilizing an appropriate long-term diversified asset allocation model. A prudently allocated investment program possesses a certain level of diversification, which produces risk reduction. In terms of level of impact, diversification should be considered along the following lines: (1) asset classes (stocks, bonds, cash, non-traditional, etc.), (2) geography/country, (3) industry, and (4) maturity. Asset allocation modeling takes into consideration specific unique circumstances of each Participant Plan, such as size, liquidity needs, and financial condition (funded status) as well as general business conditions. The factors mentioned here are not intended to be limiting; rather, they are outlined as a general indication of the importance of diversification to proper asset allocation. The Board determines the proper allocation among asset classes and managers based on advice and analysis provided by staff and/or external investment consultants.

The Board recognizes that even though its investments are subject to short-term volatility, it is critical that the Board maintain the appropriate time horizon for each Participant Plan. This prevents ad hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations. In order to preserve this long-term view, the Board has adopted the following formal review schedule:

Agenda Item	Review Schedule
Investment Performance	Quarterly
Investment Policy	Every Year
Policy Asset Allocation	Every Three Years
Strategic Asset Allocation	Every Three Years
Allocation Ranges	Every Three Years
Asset Allocation Review for Each Participant Plan	At Least Every Five Years

The Board may hire investment managers to implement its objectives. These managers will be given specific tactical roles within the overall strategic investment plan. Depending on their assignments, the managers may be judged on some or all of the following: (1) consistency of philosophy, style and key personnel, (2) performance relative to an appropriate index or proxy group, and (3) ability to add incremental value after costs. The Board and staff shall monitor performance and supervise all fund managers.

In determining its philosophy towards risk, the Board considers, in addition to its fiduciary obligations and statutory requirements, each entity's purpose and characteristics, financial condition, liquidity needs, sources and level of contributions, income and general business conditions. Based upon these many factors, the Board identifies whether a more aggressive or more conservative approach is warranted for each Participant Plan.

INVESTMENT OBJECTIVES

"The Board, at its annual meeting...shall review, establish and modify, if necessary, the investment objectives of the individual participant plans, as incorporated in the investment policy statements of the respective trusts so as to provide for the financial security of the trust funds giving consideration to the following: (1) Preservation of Capital; (2) Diversification; (3) Risk Tolerance; (4) Rate of Return; (5) Stability; (6) Turnover; (7) Liquidity; and (8) Reasonable Costs of Fees." [West Virginia Code §12-6-12g]

PARTICIPANT PLANS

The Board's objective is to manage the Participant Plans' moneys in an efficient and economical manner, managing risk as it seeks to achieve the specific goals set out in each Participant Plan's investment program.

Investment Objectives & Financial Highlights

Equity Pool

OBJECTIVES

The main objective for the Equity Pool is to provide for long-term growth for all participants. The Equity Pool is comprised of separate strategic asset classes which, when taken in aggregate, enable adequate diversification. Separate investment pools have been established for each investment style or to comply with specific legal and accounting requirements. The strategic asset classes, the Neutral Target allocations to additional sub-components of the strategic asset classes, as well as the approved Allocation Ranges within which the Allocation Committee can operate, are outlined below:

Category	Strategic Allocation	Allocation Range
U.S. Equity	25.0%	+/- 5% (20% to 30%)
International Equity	25.0%	+/- 5% (20% to 30%)
Total Equity Pool	50.0%	+/- 5% (45% to 55%)

Note: Each Participant Plan has its own unique Strategic Allocation. The above example is for clarification purposes only.

Category	Neutral Target*	Allocation Range
U.S. Large Cap vs. U.S. Non-Large Cap	Large = 1 minus Non-Large Non-Large = Russell 2500/Russell 3000	0.5 to 2.5 times benchmark Sum must equal 100
U.S. Non-Large Value vs. U.S. Non-Large Growth	Value vs. Growth Percentage in Russell 2500	0.5 to 2.5 times benchmark Sum must equal 100
International Large vs. International Small vs. Emerging Markets	Large vs. Small vs. Emerging Percentage in MSCI ACWI ex U.S.	0.5 to 2.5 times benchmark Sum must equal 100

** The Neutral Target is established based on the listed indices and is reset, subject to Allocation Committee decisions, based on these index weights every June 30.*

Note: The combined investment in international developed equity, international small cap, emerging markets equity, international fixed income, and international real estate components may not exceed 30 percent of the Participant Plan allocation, as mandated by statute.

MANAGEMENT STRUCTURE

The equity pools are managed by the following firms, in accordance with a particular investment style.

Manager	Style
U.S. Large Cap	
State Street Global Advisors	Index Core
Intech Investment Management, LLC	Quantitative Core
U.S. Non-Large Cap	
Westfield Capital Management	Growth at a Reasonable Price
Aronson + Johnson + Ortiz, LP	Relative Value
International	
<i>Developed Markets</i>	
Silchester International Investors	All Country, Value
LSV Asset Management	All Country, Relative Value
<i>Small Capitalization</i>	
Pictet Asset Management Limited	All Country, Growth at a Reasonable Price
<i>Emerging Markets</i>	
Brandes Investment Partners, LLC	Emerging Market, Value
Axiom International Investors, LLC	Emerging Market, Growth at a Reasonable Price

Equity Pool

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements are prepared for each of the equity pools and are included in Section II of this report. Financial Highlights for each pool are presented below.

Composite	Individual Pools per Audited Financial Statements
U.S. Large Cap	Large Cap Domestic Equity Pool
U.S. Non-Large Cap	Non-Large Cap Domestic Equity Pool
International	International Qualified Pool International Nonqualified Pool International Equity Pool

Condensed Statement of Assets and Liabilities

	Large Cap Domestic Equity	Non-Large Cap Domestic Equity
Investment securities	\$ 2,056,412	\$ 736,715
Collateral for securities loaned	175,550	166,057
Payable upon return of securities loaned	(178,656)	(168,214)
Receivable for investments sold	44,782	-
Payable for investments purchased	(19,570)	-
Derivative positions, net	340	-
Other assets and liabilities	2,689	(1,435)
Net assets - June 30, 2011	\$ 2,081,547	\$ 733,123

Condensed Statement of Assets and Liabilities

	International Qualified	International Nonqualified	International Equity
Investment securities	\$ 883,266	\$ 68,084	\$ 1,837,614
Collateral for securities loaned	-	-	173,108
Payable upon return of securities loaned	-	-	(176,440)
Cash	-	-	11,001
Foreign currency forward contracts	-	-	14
Other assets and liabilities	(403)	(2)	1,348
Net assets - June 30, 2011	\$ 882,863	\$ 68,082	\$ 1,846,645

Investment Securities

	Large Cap Domestic Equity		Non-Large Cap Domestic Equity	
	Fair Value	Percent of Securities	Fair Value	Percent of Securities
Domestic equities sector exposure:				
Basic Materials	\$ 105,671	5.1%	\$ 61,079	8.3%
Capital Goods	225,662	11.0	99,743	13.5
Communications Services	79,797	3.9	10,107	1.4
Consumer Discretionary	224,500	10.9	98,550	13.4
Consumer Staples	227,647	11.1	16,709	2.3
Energy	275,441	13.4	48,095	6.5
Financial Services	249,496	12.2	145,917	19.8
Health Care	205,460	10.0	71,956	9.8
Technology	350,343	16.9	131,037	17.8
Utilities	96,522	4.7	37,722	5.1
Total domestic equities	2,040,539	99.2	720,915	97.9
Short-term issues	15,873	0.8	15,800	2.1
Total	\$ 2,056,412	100.0%	\$ 736,715	100.0%

Equity Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

Investment Securities	International Qualified		International Nonqualified	
	Fair Value	Percent of Securities	Fair Value	Percent of Securities
Investments in other funds	\$ 883,266	100.0%	\$ 68,084	100.0%

Investment Securities	International Equity	
	Fair Value	Percent of Securities
International equities country exposure:		
Australia	\$ 57,707	3.1%
Bermuda	38,632	2.1
Brazil	196,246	10.7
Canada	73,647	4.0
Cayman Islands	37,636	2.0
China	36,166	2.0
France	91,477	5.0
Germany	74,499	4.1
Hong Kong	69,141	3.8
Japan	186,091	10.1
Korea	137,533	7.5
Mexico	51,234	2.8
Russia	44,127	2.4
South Africa	44,668	2.4
Switzerland	71,780	3.9
United Kingdom	176,688	9.6
All others (none greater than 2%)	433,541	23.6
Total international equities	1,820,813	99.1
Short-term issues	16,801	0.9
Total	\$ 1,837,614	100.0%

Progression of Net Assets	Large Cap Domestic Equity	Non-Large Cap Domestic Equity
	Net assets - June 30, 2010	\$ 1,714,178
Net increase from operations	554,346	216,745
Net increase (decrease) from unit transactions	(186,977)	158,832
Net assets - June 30, 2011	\$ 2,081,547	\$ 733,123

Progression of Net Assets	International Qualified	International Nonqualified	International Equity
	Net assets - June 30, 2010	\$ 695,382	\$ 53,795
Net increase from operations	187,163	14,263	500,493
Net increase (decrease) from unit transactions	318	24	(162,130)
Net assets - June 30, 2011	\$ 882,863	\$ 68,082	\$ 1,846,645

Equity Pool

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The actual rate of return is net of investment advisor fees.

Period	Large Cap Domestic Equity		Non-Large Cap Domestic Equity	
	Actual	S&P 500	Actual	Russell 2500
One-year	32.0%	30.7%	47.4%	39.3%
Three-year	3.3%	3.3%	8.0%	8.2%
Five-year	3.0%	2.9%	5.8%	5.2%
Ten-year	2.7%	2.7%	8.3%	7.4%

Period	International Qualified		International Nonqualified		International Equity	
	Actual	MSCI EAFE	Actual	MSCI EAFE	Actual	MSCI ACWIxU.S.
One-year	27.0%	30.9%	26.6%	30.9%	32.7%	30.3%
Three-year	8.4%	-1.3%	8.0%	-1.3%	4.0%	0.1%
Five-year	7.7%	2.0%	7.3%	2.0%	5.8%	4.1%
Ten-year	12.0%	6.1%	11.6%	6.1%	7.1%	7.9%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The Equity Pool's expenses for the year, divided by the average net assets, are as follows:

Expense Ratios (in basis points)	Large Cap Domestic Equity	Non-Large Cap Domestic Equity	International Qualified	International Nonqualified	International Equity
Investment advisor fees	9.1	24.9	52.6	75.2	54.4
Trustee fees	0.0*	0.0*	0.0*	0.0*	0.0*
Custodian bank fees	0.4	0.5	N/A	N/A	4.9
Management fees	3.2	3.0	3.2	3.2	3.2
Fiduciary bond fees	0.0*	0.0*	0.0*	0.0*	0.0*
Professional service fees	0.6	0.6	0.6	0.6	0.6
Total	13.3	29.0	56.4	79.0	63.1

* Expense Ratio rounds to less than 0.1 basis points.

Trading Costs	Large Cap Domestic Equity	Non-Large Cap Domestic Equity	International Equity	Total
Net commission costs	\$ 937,815	\$ 953,009	\$ 2,140,083	\$ 4,030,907
Domestic equity commission rate (cents per share)	1.5	1.7		
International equity commission rate (basis points per dollar volume)			12.6	

Short-Term Fixed Income Pool

OBJECTIVES

The Short-Term Fixed Income Pool was created to maintain sufficient liquidity to meet the daily disbursements requested by the Plans and to invest any contributions until the time the money is transferred to other asset classes without sustaining capital losses and while earning a small return above inflation. The Short-Term Fixed Income Pool is structured as a money market fund where the goal is a stable dollar value per share, thus, preserving principal. The risk factors on this pool are low and managed through numerous maturity restrictions, diversification guidelines, and credit limits. The participants are paid on an income basis that includes interest income net of expenses.

MANAGEMENT STRUCTURE

The Short-Term Fixed Income Pool is managed by JPMorgan Investment Advisors, Inc.

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements for the Short-Term Fixed Income Pool are included in Section II of this report. Financial Highlights are presented below.

Condensed Statement of Assets and Liabilities

Investment securities	\$	358,799
Other assets and liabilities, net		(29)
Net assets - June 30, 2011	\$	<u>358,770</u>

Investment Securities

	Carrying Value	Percent of Securities
Short-term issues	\$ 348,300	97.1%
U.S. government agency issues	10,499	2.9
Total	\$ 358,799	<u>100.0%</u>

Progression of Net Assets

Net assets - June 30, 2010	\$	290,396
Net increase from operations		272
Income distributions to unitholders		(241)
Net increase from unit transactions		68,343
Net assets - June 30, 2011	\$	<u>358,770</u>

Short-Term Fixed Income Pool

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The actual rate of return is net of investment advisor fees.

Period	Actual	Citigroup 90 Day Treasury Bill plus 15 bps
One-year	0.2%	0.3%
Three-year	0.5%	0.6%
Five-year	2.2%	2.2%
Ten-year	2.2%	2.3%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The Short-Term Fixed Income Pool's expenses for the year, divided by the average net assets, are as follows:

Expense Ratios (in basis points)

Investment advisor fees	5.0
Trustee fees	0.0*
Custodian bank fees	0.4
Management fees	2.4
Fiduciary bond fees	0.0*
Professional service fees	0.5
Total	<u>8.3</u>

* Expense Ratio rounds to less than 0.1 basis points.

Fixed Income Pool

OBJECTIVES

The main objectives for the Fixed Income Pool is to generate investment income, provide stability, and enhance diversification, but not at the expense of total return. Separate investment pools have been established for particular investment styles. Individually, these pools are the Total Return Fixed Income Pool and the Core Fixed Income Pool. The Strategic Allocation for the total Fixed Income Pool, the Neutral Target for the respective allocations to the Core Fixed Income and Total Return Fixed Income Pools, as well as the approved Allocation Ranges within which the Allocation Committee can operate, are outlined below:

Investment Pools	Strategic Allocation	Allocation Range
Core Fixed Income Pool	--	--
Total Return Fixed Income Pool	--	--
Total Fixed Income Pools	20.0%	+/- 5% (15% to 25%)

Note: Each Participant Plan has its own unique Strategic Allocation. The above example is for clarification purposes only.

Participant Plans	Neutral Target	Allocation Range
All plans except Prepaid Tuition Trust	50% Total Return Income Pool 50% Core Fixed Income Pool	+/- 20% (30% to 70%) +/- 20% (30% to 70%)
Prepaid Tuition Trust	100% Core Fixed Income Pool	N/A

Note: The combined investment in international equity, international fixed income, and international real estate components may not exceed 30 percent of the Participant Plan allocation, as mandated by statute.

MANAGEMENT STRUCTURE

The fixed income pools are managed by the following firms, in accordance with a particular investment style.

Manager	Style
Western Asset Management Company	Core Plus Fixed Income
Dodge & Cox	Core Plus Fixed Income
JPMorgan Investment Advisors, Inc.	Core Fixed Income

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements are prepared for each of the fixed income pools and are included in Section II of this report. Financial Highlights for each pool are presented below.

Condensed Statement of Assets and Liabilities	Total Return Fixed Income	Core Fixed Income
Investment securities	\$ 2,341,491	\$ 1,194,672
Collateral for securities loaned	154,427	149,487
Payable upon return of securities loaned	(156,066)	(149,511)
Derivative positions, net	(9,862)	-
Other assets and liabilities	3,926	(4,633)
Net assets - June 30, 2011	\$ 2,333,916	\$ 1,190,015

Fixed Income Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

Investment Securities	Total Return Fixed Income		Core Fixed Income	
	Fair Value	Percentage of Securities	Fair Value	Percentage of Securities
Investment in other funds	\$ 410,007	17.5%	\$ -	0.0%
Corporate issues	768,815	32.8	365,219	30.6
Municipal bonds	81,354	3.5	2,201	0.2
Short-term issues	231,257	9.9	40,883	3.4
Option contracts purchased	1,891	0.1	-	0.0
U.S. government agency issues	480,782	20.5	474,061	39.7
U.S. Treasury issues	367,385	15.7	312,308	26.1
Total	\$ 2,341,491	100.0%	\$ 1,194,672	100.0%

Progression of Net Assets	Total Return Fixed Income	Core Fixed Income
Net assets - June 30, 2010	\$ 1,792,079	\$ 1,554,264
Net increase from operations	138,204	70,207
Income distributions to unitholders	(64,716)	(45,939)
Net increase (decrease) from unit transactions	468,349	(388,517)
Net assets - June 30, 2011	\$ 2,333,916	\$ 1,190,015

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The actual rate of return is net of investment advisor fees.

Period	Total Return Fixed Income		Core Fixed Income	
	Actual	Barclays Capital Universal*	Actual	Barclays Capital U.S. Aggregate
One-year	6.9%	4.8%	5.3%	3.9%
Three-year	7.7%	6.7%	N/A	N/A
Five-year	6.9%	6.6%	N/A	N/A
Ten-year	7.1%	6.0%	N/A	N/A

*The Total Return Fixed Income Pool benchmark is the Barclays Capital Universal as of April 2008. Prior periods were a custom index.

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The Fixed Income Pools' expenses for the operating period, divided by the average net assets, are as follows:

Expense Ratios (in basis points)	Total Return Fixed Income	Core Fixed Income
Investment advisor fees	19.1	13.9
Trustee fees	0.0*	0.0*
Custodian bank fees	0.4	0.5
Management fees	3.2	3.2
Fiduciary bond fees	0.0*	0.0*
Professional service fees	0.6	0.6
Total	23.3	18.2

* Expense Ratio rounds to less than 0.1 basis points.

TIPS Pool

OBJECTIVES

The objectives for the TIPS Pool are to enhance diversification, generate investment income, and to provide a relatively stable investment that provides inflation protection.

MANAGEMENT STRUCTURE

The TIPS Pool is managed by State Street Global Advisors.

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements for the TIPS Pool are included in Section II of this report. Financial Highlights are presented below.

Condensed Statement of Assets and Liabilities

Investment securities	\$	891,441
Collateral for securities loaned		53,800
Payable upon return of securities loaned		(53,809)
Other assets and liabilities		261
Net assets - June 30, 2011	\$	<u>891,693</u>

Investment Securities

	Carrying Value	Percent of Securities
U.S. Treasury issues	\$ 891,182	100.0%
Short-term issues	259	0.0
Total	\$ 891,441	100.0%

Progression of Net Assets

Net assets - October 1, 2010	\$	-
Net increase from operations		35,015
Income distributions to unitholders		(28,906)
Net increase from unit transactions		885,584
Net assets - June 30, 2011	\$	<u>891,693</u>

INVESTMENT PERFORMANCE

Investment returns are not reported for periods of less than one year.

TIPS Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The TIPS Pool's expenses for the period October 1, 2010 to June 30, 2011, divided by the average net assets, are as follows:

Expense Ratios (in basis points)

Investment advisor fees	1.8
Trustee fees	0.0
Custodian bank fees	0.2
Management fees	2.1
Fiduciary bond fees	0.0
Professional service fees	0.4
Total	<u>4.5</u>

* Expense Ratio rounds to less than 0.1 basis points.

Special Purpose Pool

The Board operates one special purpose pool: **TRS ANNUITY POOL**

OBJECTIVE

The TRS Annuity Pool (TRSA) holds an investment contract strictly for the benefit of the Teachers' Retirement System (TRS). The IMB assumed responsibility for this investment as part of the restructuring of the Teachers' Defined Contribution (TDC) plan, a separate retirement plan outside of the IMB, whereby certain TDC participants elected to transfer the ownership of their individual TDC retirement accounts to the TRS in exchange for current participation in the TRS defined benefit plan. The contract, issued by the Variable Annuity Life Insurance Company (VALIC), could not be liquidated as part of the restructuring and was transferred in-kind to the IMB on December 10, 2008. The final amount transferred on the contract was \$248,292,529. Effective April 23, 2009, the IMB elected to liquidate this contract and will receive five equal annual payments of \$55,058,102. Payments were received on May 4, 2009, 2010, and 2011. Remaining payments will be received on May 4, 2012 and 2013. The contract and the payments include a guaranteed annual interest yield of 4.5 percent.

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements for the TRSA are included in Section II of this report. Financial Highlights are presented below.

Condensed Statement of Assets and Liabilities

Investment securities	\$ 103,850
Other assets and liabilities	(5)
Net assets - June 30, 2011	<u>\$ 103,845</u>

Investment Securities

	Fair Value	Percent of Securities
Annuity Contract	<u>\$ 103,850</u>	<u>100.0%</u>

Progression of Net Assets

Net assets - June 30, 2010	\$ 152,419
Net increase from operations	-
Net decrease from unit transactions	(48,574)
Net assets - June 30, 2011	<u>\$ 103,845</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

For the year ended June 30, 2011, the TRS Annuity Pool returned 4.5 percent.

Special Purpose Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The TRS Annuity Pool's expenses for the operating period, divided by the average net assets, are as follows:

Expense Ratio (in basis points)

Investment advisor fees	N/A
Trustee fees	0.0*
Custodian bank fees	N/A
Management fees	3.6
Fiduciary bond fees	0.0*
Professional service fees	1.3
Total	<u>4.9</u>

* Expense Ratio rounds to less than 0.1 basis points.

Alternative Pool

OBJECTIVES

The main objective for the Alternative Pool is to provide diversification and risk reduction benefits for its participants' assets. Secondly, the Alternative Pool should provide for long-term growth of its participants' assets.

The Alternative Pool is comprised of one asset class, private equity, and one management style, hedge funds. Both are intended to enhance diversification when added to the total portfolio assets. Separate investment pools have been established for private equity and hedge funds.

The Private Equity Pool is comprised of the following categories and target range allocations as of June 30, 2011:

Category	Target Range
Corporate Finance	90-100%
Venture Capital	0-10%

The Hedge Fund Pool's strategies are comprised of the following categories and target range allocations as of June 30, 2011:

Category	Target Range	Allocation Range
Relative Value	30-40%	25-55%
Event Driven	20-30%	15-45%
Long-Short Equity	20-30%	15-45%
Directional	10-20%	5-25%

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements are prepared for each of the alternative pools and are included in Section II of this report. Financial Highlights for each pool are presented below.

Condensed Statement of Assets and Liabilities

	Private Equity	Hedge Fund
Investment securities	\$ 1,021,318	\$ 992,561
Advance on investment in other funds	-	30,000
Receivable for investments sold	-	50,464
Other assets and liabilities	(150)	(102)
Net assets - June 30, 2011	\$ 1,021,168	\$ 1,072,923

Investment Securities

	Private Equity		Hedge Fund	
	Fair Value	Percent of Securities	Fair Value	Percent of Securities
Investment in other funds	\$ 735,267	72.0%	\$ 988,390	99.6%
Partnerships	252,081	24.7	-	0.0
Short-term issues	33,970	3.3	4,171	0.4
Total	\$ 1,021,318	100.0%	\$ 992,561	100.0%

Alternative Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

Progression of Net Assets

	Private Equity	Hedge Fund
Net assets - June 30, 2010	\$ 912,311	\$ 1,124,030
Net increase from operations	134,673	83,940
Net decrease from unit transactions	(25,816)	(135,047)
Net assets - June 30, 2011	<u>\$ 1,021,168</u>	<u>\$ 1,072,923</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The actual rate of return is net of external investment management and/or partnership fees and expenses. For the Private Equity Pool, a benchmark is not reported for the first five years of the program, as a meaningful comparison cannot be made between the actual return and the benchmark (until June 30, 2013).

Period	Private Equity	Hedge Fund	
	Actual	Actual	LIBOR + 400 basis points
One-year	17.0%	7.8%	4.4%
Three-year	2.7%	3.3%	5.0%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The Private Equity Pool and Hedge Fund Pool's expenses for the year, divided by the average net assets, are as follows:

Expense Ratio (in basis points)	Private Equity	Hedge Fund
Investment advisor fees	N/A	N/A
Trustee fees	0.0*	0.0*
Custodian bank fees	0.0*	0.0*
Management fees	3.1	3.3
Fiduciary bond fees	0.0*	0.0*
External fees/Fund closing costs	0.2	N/A
Professional service fees	9.4	4.9
Total	<u>12.7</u>	<u>8.2</u>

* Expense Ratio rounds to less than 0.1 basis points.

Real Estate Pool

OBJECTIVES

The main objective for the Real Estate Pool is to provide diversification and risk reduction benefits for its participants' assets. Secondly, the Real Estate Pool should provide for long-term growth of its participants' assets.

The Real Estate Pool is comprised of three categories. The target range allocations as of June 30, 2011 are as follows:

Category	Target	Allocation Range
Core	50%	+/- 20% (30% to 70%)
Value-Added	30%	+/- 20% (10% to 50%)
Opportunistic	20%	+/- 10% (10% to 30%)

FINANCIAL HIGHLIGHTS (in \$000s)

Audited financial statements for the Real Estate Pool are included in Section II of this report. Financial Highlights are presented below.

Condensed Statement of Assets and Liabilities

Investment securities	\$ 247,744
Collateral for securities loaned	9,414
Payable upon return of securities loaned	(9,416)
Other assets and liabilities	89
Net assets - June 30, 2011	<u>\$ 247,831</u>

Investment Securities

	Fair Value	Percent of Securities
Partnerships and other funds	\$ 175,132	70.8%
Real estate investment trusts	55,601	22.4
Short-term issues	17,011	6.8
Total	<u>\$ 247,744</u>	<u>100.0%</u>

Progression of Net Assets

Net assets - June 30, 2010	\$ 495,267
Net increase from operations	32,927
Net decrease from unit transactions	(280,363)
Net assets - June 30, 2011	<u>\$ 247,831</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The actual rate of return is net of external investment management and/or partnership fees and expenses. For the Real Estate Pool, a benchmark is not reported for the first five years of the program, as a meaningful comparison cannot be made between the actual return and the benchmark (until June 30, 2013).

Period	Actual
One-year	14.1%
Three-year	(1.1)%

Real Estate Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses and an allocated share of other expenses. The Real Estate Pool's expenses for the year, divided by the average net assets, are as follows:

Expense Ratio (in basis points)

Investment advisor fees	12.1
Trustee fees	0.0*
Custodian bank fees	3.3
Management fees	3.2
Fiduciary bond fees	0.0*
External fees/Fund closing costs	10.2
Professional service fees	16.0
Total	<u>44.8</u>

* Expense Ratio rounds to less than 0.1 basis points.

Participant Plans

Participant Plans Overview

FINANCIAL HIGHLIGHTS (in \$000s)

Plan Balances as of June 30, 2011

	Assets	Percent of Total	Page Reference
Pension Assets			
Deputy Sheriff's Retirement System	\$ 112,488	0.9%	28
Emergency Medical Services Retirement System	31,963	0.2	30
Judges' Retirement System	124,587	1.0	32
Municipal Police Officers' and Firefighters' Retirement System	61	-	34
Public Employees' Retirement System	4,359,025	33.9	35
State Police Death, Disability and Retirement Fund	482,005	3.8	37
State Police Retirement System	70,756	0.6	39
Teachers' Retirement System	5,010,212	38.9	41
Teachers' Employers Contribution Collection Account	-	-	41
Insurance Assets			
AccessWV	2,262	-	43
Board of Risk and Insurance Management	140,522	1.1	45
Coal Workers' Pneumoconiosis Fund	261,558	1.9	47
Public Employees' Insurance Agency	175,171	1.4	49
West Virginia Retiree Health Benefit Trust Fund	437,457	3.4	51
Workers' Compensation Old Fund	933,073	7.3	53
Workers' Compensation Self-Insured Guaranty Risk Pool	9,627	0.1	55
Workers' Compensation Uninsured Employers' Fund	8,911	0.1	57
Endowment Assets			
Revenue Shortfall Reserve Fund	242,748	1.9	59
Revenue Shortfall Reserve Fund - Part B	315,738	2.4	61
West Virginia Department of Environmental Protection Trust	6,515	0.1	63
West Virginia Prepaid Tuition Trust Fund	84,791	0.7	65
Wildlife Endowment Fund	40,380	0.3	67
Total	\$ 12,849,850	100.0%	

Deputy Sheriff's Retirement System

HISTORY

The Deputy Sheriff's Retirement System (DSRS) was created in 1998.

LIQUIDITY NEEDS

The DSRS currently has positive net cash flows.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Preserve the current well-funded position while not subjecting the DSRS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the DSRS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$250,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the DSRS.*

Deputy Sheriff's Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	91,548
Contributions		7,932
Withdrawals		(6,064)
Net		1,868
Investment income		901
Net unrealized appreciation		18,171
June 30, 2011	\$	112,488

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 20,972	18.8%
Non-Large Cap Domestic	7,329	6.5
International Qualified	9,955	8.8
International Equity	18,040	16.0
Short-Term Fixed Income	599	0.5
Total Return Fixed Income	17,393	15.5
Core Fixed Income	8,203	7.3
TIPS	5,744	5.1
Private Equity	10,808	9.6
Private Real Estate	2,748	2.4
Hedge Fund	10,697	9.5
Total	\$ 112,488	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.7%	7.5%
Three-year	5.8%	7.5%
Five-year	5.4%	7.5%
Ten-year	6.3%	7.5%

Emergency Medical Services Retirement System

HISTORY

The Emergency Medical Services Retirement System (EMSRS) was created by the *Emergency Medical Services Retirement System Act* effective January 1, 2008, under *West Virginia Code §16-5V-4*. EMSRS members with benefits earned in the Public Employees' Retirement System (PERS) transferred their full membership and benefits under PERS to EMSRS on the effective date.

LIQUIDITY NEEDS

The EMSRS is expected to have a positive net cash flow position. Cash distributions may commence in fiscal year 2012, but liquidity needs are expected to be minimal.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Maintain adequate liquidity to satisfy benefit payments and not subject the EMSRS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the EMSRS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash	\$0	

Emergency Medical Services Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	23,345
Contributions		4,106
Withdrawals		(597)
Net		3,509
Investment income		238
Net unrealized appreciation		4,871
June 30, 2011	\$	31,963

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 6,037	18.8%
Non-Large Cap Domestic	2,173	6.8
International Qualified	2,732	8.5
International Equity	5,103	16.0
Short-Term Fixed Income	449	1.4
Total Return Fixed Income	5,026	15.7
Core Fixed Income	2,384	7.5
TIPS	1,619	5.1
Private Equity	2,938	9.2
Private Real Estate	788	2.5
Hedge Fund	2,714	8.5
Total	\$ 31,963	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.8%	7.5%
Three-year	5.9%	7.5%

Judges' Retirement System

HISTORY

The Judges' Retirement System (JRS) was created in 1949.

LIQUIDITY NEEDS

The JRS currently has positive net cash flows.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the JRS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the JRS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$500,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the JRS.*

Judges' Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	102,814
Contributions		4,683
Withdrawals		(4,124)
Net		559
Investment income		995
Net unrealized appreciation		20,219
June 30, 2011	\$	124,587

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 23,447	18.9%
Non-Large Cap Domestic	8,158	6.5
International Qualified	11,000	8.8
International Equity	20,095	16.1
Short-Term Fixed Income	1,417	1.1
Total Return Fixed Income	18,640	15.0
Core Fixed Income	8,765	7.0
TIPS	6,387	5.1
Private Equity	12,061	9.7
Private Real Estate	3,060	2.5
Hedge Fund	11,557	9.3
Total	\$ 124,587	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.7%	7.5%
Three-year	5.8%	7.5%
Five-year	5.3%	7.5%
Ten-year	6.3%	7.5%

Municipal Police Officers' and Firefighters' Retirement System

HISTORY

Municipal Police Officers' and Firefighters' Retirement System (MPFRS) was created in 2010 for the purpose of providing retirement benefits for municipal police officers and paid professional firefighters hired into covered employment by participation municipalities on or after January 1, 2010.

LIQUIDITY NEEDS

Undetermined at this time.

INVESTMENT OBJECTIVES

Undetermined at this time.

ASSET ALLOCATION

Asset Class	Policy Allocation
Domestic Equity	0.0%
International Equity	0.0%
Fixed Income	0.0%
Cash	100.0%

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	3
Contributions		58
Withdrawals		-
Net		<u>58</u>
Investment income		-
Net unrealized appreciation		-
June 30, 2011	\$	<u>61</u>

Asset Allocation

	Amount	Percent of Total
Short-Term Fixed Income	\$ 61	100.0%

INVESTMENT PERFORMANCE

Investment performance for the one-year period ended June 30, 2011 was 0.1 percent. A target rate of return has not been set for this plan.

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Public Employees' Retirement System

HISTORY

The Public Employees' Retirement System (PERS) was created in 1961.

LIQUIDITY NEEDS

The PERS is expected to have modest liquidity needs of approximately 1.0 percent to 2.0 percent per year for the foreseeable future.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments and not subjecting the PERS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the PERS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$19,000,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the PERS.*

Public Employees' Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 3,682,115
Contributions	211,045
Withdrawals	(291,437)
Net	<u>(80,392)</u>
Investment income	35,258
Net unrealized appreciation	722,044
June 30, 2011	<u><u>\$ 4,359,025</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 810,662	18.6%
Non-Large Cap Domestic	286,555	6.6
International Qualified	387,425	8.9
International Equity	705,905	16.2
Short-Term Fixed Income	18,733	0.4
Total Return Fixed Income	678,400	15.6
Core Fixed Income	311,640	7.1
TIPS	223,244	5.1
Private Equity	442,041	10.1
Private Real Estate	107,921	2.5
Hedge Fund	386,499	8.9
Total	<u><u>\$ 4,359,025</u></u>	<u>100.0%</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.7%	7.5%
Three-year	5.7%	7.5%
Five-year	5.4%	7.5%
Ten-year	6.3%	7.5%

State Police Death, Disability and Retirement Fund

HISTORY

The State Police Death, Disability and Retirement Fund (SPDDRF) was created in 1925.

LIQUIDITY NEEDS

The SPDDRF is expected to experience an increasingly negative cash flow position in the near future.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the SPDDRF to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for SPDDRF. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$2,600,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from SPDDRF.*

State Police Death, Disability and Retirement Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 404,446
Contributions	27,444
Withdrawals	(32,113)
Net	<u>(4,669)</u>
Investment income	3,750
Net unrealized appreciation	78,478
June 30, 2011	<u><u>\$ 482,005</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 88,512	18.3%
Non-Large Cap Domestic	31,093	6.5
International Qualified	42,233	8.8
International Equity	77,543	16.1
Short-Term Fixed Income	1,309	0.3
Total Return Fixed Income	77,327	16.0
Core Fixed Income	36,707	7.6
TIPS	24,760	5.1
Private Equity	47,325	9.8
Private Real Estate	11,533	2.4
Hedge Fund	43,663	9.1
Total	<u><u>\$ 482,005</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.9%	7.5%
Three-year	5.8%	7.5%
Five-year	5.4%	7.5%
Ten-year	6.4%	7.5%

State Police Retirement System

HISTORY

The State Police Retirement System (SPRS) was created in 1994.

LIQUIDITY NEEDS

The SPRS is expected to be in a positive net cash flow position for the foreseeable future.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the SPRS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the SPRS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$50,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the SPRS.*

State Police Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 52,739
Contributions	7,783
Withdrawals	(988)
Net	<u>6,795</u>
Investment income	545
Net unrealized appreciation	10,677
June 30, 2011	<u><u>\$ 70,756</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 13,145	18.6%
Non-Large Cap Domestic	4,525	6.4
International Qualified	6,010	8.5
International Equity	11,230	15.9
Short-Term Fixed Income	1,094	1.5
Total Return Fixed Income	11,374	16.1
Core Fixed Income	5,384	7.6
TIPS	3,573	5.0
Private Equity	6,340	9.0
Private Real Estate	1,683	2.4
Hedge Fund	6,398	9.0
Total	<u><u>\$ 70,756</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.5%	7.5%
Three-year	5.8%	7.5%
Five-year	5.4%	7.5%
Ten-year	6.3%	7.5%

Teachers' Retirement System & Teachers' Employers Contribution Collection Account

HISTORY

The Teachers' Retirement System (TRS) was created in 1941. It was closed to new members in 1991, but reopened to first-time hires as of July 1, 2005. Employees hired from 1991 through June 30, 2005, joined the Teachers' Defined Contribution Plan (TDC). In the spring of 2008, more than 78 percent of the participants in the Teachers' Defined Contribution Plan elected to transfer their TDC account balance to the TRS and become participants in the TRS. This transfer occurred in July 2008.

The Teachers' Employers Contribution Collection Account (TECCA) is a holding account for temporary reserve cash. Due to its short-term nature, assets are entirely invested in the Short-Term Fixed Income Pool.

LIQUIDITY NEEDS

The TRS has a very dynamic net cash flow position, which is attributable to: (1) a current positive net cash flow position, and (2) substantial liquidity needs of at least 10 percent per year beginning in plan year 2014.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the TRS to an undue level of risk.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the TRS. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (included in Fixed Income above)	\$25,000,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the TRS.*

Teachers' Retirement System & Teachers' Employers Contribution Collection Account

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance	TRS		TECCA	
June 30, 2010	\$	4,099,339	\$	355
Contributions		683,111		502,648
Withdrawals		(600,213)		(503,027)
Net		82,898		(379)
Investment income		33,677		24
Net unrealized appreciation		794,298		-
June 30, 2011	\$	5,010,212	\$	-

Asset Allocation

	TRS	
	Amount	Percent of Total
Large Cap Domestic	\$ 902,180	17.9%
Non-Large Cap Domestic	317,860	6.3
International Qualified	423,508	8.5
International Equity	796,380	15.9
Short-Term Fixed Income	217,903	4.3
Total Return Fixed Income	654,040	13.1
Core Fixed Income	303,827	6.1
TIPS	249,319	5.0
TRS Annuity	103,845	2.1
Private Equity	495,625	9.9
Private Real Estate	119,095	2.4
Hedge Fund	426,630	8.5
Total	\$ 5,010,212	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for the TECCA plan.

Period	TRS		TECCA
	Actual	Target	Actual
One-year	20.5%	7.5%	0.1%
Three-year	5.2%	7.5%	0.4%
Five-year	4.8%	7.5%	N/A
Ten-year	6.0%	7.5%	N/A

HISTORY

AccessWV (AWV) is a health plan created by West Virginia statute to provide health insurance to West Virginians who have been unable to find or who have been denied health insurance in the private market because of a medical condition. Only a portion of the plan is invested with the IMB.

LIQUIDITY NEEDS

AWV began operations in July 2005. The plan is expected to have no liquidity needs from the IMB portion of their reserve funds at any time until December 31, 2013.

INVESTMENT OBJECTIVES

The investment objective is to provide for preservation of principal until December 31, 2013, with some regard for growth of assets to exceed expected inflation.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for AWV. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	0.0%	0.0%
International Equity	0.0%	0.0%
Private Equity	0.0%	0.0%
Fixed Income	100.0%	100.0%
Hedge Funds	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash (included in Fixed Income above)	\$0	

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	1,965
Contributions		-
Withdrawals		-
Net		-
Investment income		58
Net unrealized appreciation		239
June 30, 2011	\$	2,262

Asset Allocation

	Amount	Percent of Total
Total Return Fixed Income	\$ 803	35.5%
Core Fixed Income	438	19.4
TIPS	1,021	45.1
Total	\$ 2,262	100.0%

INVESTMENT PERFORMANCE

Investment performance for the one-year period ended June 30, 2011 was 15.1 percent. A target rate of return has not been set for this plan.

Board of Risk and Insurance Management Fund

HISTORY

The Board of Risk and Insurance Management (BRIM) is a State entity charged with providing insurance coverage to all State agencies, as well as cities, counties, and non-profit organizations throughout West Virginia under the provisions of Senate Bill 3. BRIM also provides a coal mine subsidence reinsurance program that allows homeowners and businesses to obtain insurance coverage up to \$75,000 for collapses and damage caused by underground coal mines.

LIQUIDITY NEEDS

There may be some current liquidity needs, not to exceed 10 percent in any given year, for BRIM in the next few fiscal years, according to representatives of the Plan. BRIM requires a cash reserve account for collateral purposes amounting to approximately 15 percent of the funds for investment. This amount is held in the Consolidated Fund, which is administered by the West Virginia Board of Treasury Investments and utilized at BRIM's discretion.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Provide adequate liquidity to meet the cash flow requirements.
- Given the expected infinite life of the fund, allow for growth of assets in an amount at least equal to expected inflation.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the BRIM. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	55.0%
Hedge Fund	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash	\$0	5.0%

Board of Risk and Insurance Management Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	120,331
Contributions		6,000
Withdrawals		-
Net		<u>6,000</u>
Investment income		2,465
Net unrealized appreciation		11,726
June 30, 2011	\$	<u><u>140,522</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 10,287	7.3%
Non-Large Cap Domestic	3,667	2.6
International Nonqualified	4,781	3.4
International Equity	9,091	6.5
Short-Term Fixed Income	7,198	5.1
Total Return Fixed Income	42,472	30.2
Core Fixed Income	23,093	16.4
TIPS	14,280	10.2
Hedge Fund	25,653	18.3
Total	<u><u>\$ 140,522</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	11.7%
Three-year	7.0%
Five-year	6.3%

Coal Workers' Pneumoconiosis Fund

HISTORY

The Coal Workers' Pneumoconiosis Fund (CWPF) was formed in 1974 to provide insurance coverage to coal operators for their potential liability under the *Federal Coal Mine Health and Safety Act of 1969*. Upon termination of the West Virginia Workers' Compensation Commission, the assets and liabilities of the CWPF remained with the State for administration of the run-off of the liabilities incurred during the years of operation. Effective January 1, 2006, insurance coverage for liabilities incurred under the *Federal Coal Mine Health and Safety Act of 1969* will be provided by private insurance carriers and is no longer available through the State.

LIQUIDITY NEEDS

The liquidity needs are actuarially determined based on the run-off of liabilities, which are assessed annually.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Exceed the actuarial interest rate assumption of 5.0 percent per annum, net of fees.
- Preserve the current surplus position.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the CWPF. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	55.0%
Hedge Fund	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash	0.0%	5.0%

Coal Workers' Pneumoconiosis Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	244,191
Contributions		48
Withdrawals		(10,493)
Net		<u>(10,445)</u>
Investment income		4,692
Net unrealized appreciation		23,120
June 30, 2011	\$	<u><u>261,558</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 19,263	7.4%
Non-Large Cap Domestic	6,895	2.6
International Nonqualified	9,058	3.5
International Equity	16,997	6.5
Short-Term Fixed Income	12,424	4.7
Total Return Fixed Income	77,032	29.5
Core Fixed Income	41,905	16.0
TIPS	26,675	10.2
Hedge Fund	51,309	19.6
Total	<u><u>\$ 261,558</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	11.6%	5.0%
Three-year	5.4%	5.0%
Five-year	5.4%	5.0%

Public Employees Insurance Agency

HISTORY

The Public Employees Insurance Agency (PEIA) is a State entity charged with providing health insurance coverage to current and retired public employees.

LIQUIDITY NEEDS

The PEIA projects net cash outflows from operations every year going forward. This anticipated high liquidity requirement within a three-year time horizon indicates a substantial allocation to cash is appropriate. PEIA currently manages part of its cash allocation and invests this amount with the West Virginia Board of Treasury Investments. The IMB collaborates with management at PEIA to monitor combined cash levels.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Provide adequate liquidity to meet the cash flow requirements.
- Given the expected infinite life of the fund, allow for growth of assets in an amount at least equal to expected inflation.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the PEIA. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	5.0%	5.0%
International Equity	5.0%	5.0%
Private Equity	0.0%	0.0%
Fixed Income	90.0%	75.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	0.0%
Cash	\$0*	5.0%

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the PEIA. Not all cash is invested with the IMB.*

Public Employees Insurance Agency

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 131,127
Contributions	30,000
Withdrawals	-
Net	30,000
Investment income	3,860
Net unrealized appreciation	10,184
June 30, 2011	\$ 175,171

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 6,386	3.7%
Non-Large Cap Domestic	2,284	1.3
International Nonqualified	2,993	1.7
International Equity	5,639	3.2
Short-Term Fixed Income	8,793	5.0
Total Return Fixed Income	68,367	39.0
Core Fixed Income	37,181	21.2
TIPS	26,563	15.2
Hedge Fund	16,965	9.7
Total	\$ 175,171	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	9.2%
Three-year	5.4%
Five-year	5.4%

West Virginia Retiree Health Benefit Trust Fund

HISTORY

The West Virginia Retiree Health Benefit Trust Fund (RHBTF) was created under *West Virginia Code §5-16D* for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan.

LIQUIDITY NEEDS

The RHBTF assets managed by the WVIMB are expected to be long-term in nature and have no liquidity needs as deemed by PEIA, which administers these assets. Short-term projected cash needs for the RHBTF are calculated by PEIA and held in reserve in PEIA cash accounts.

INVESTMENT OBJECTIVES

The investment objective is to provide for stable, long-term growth of assets, while seeking to minimize risk of loss. There is no specifically identified rate of return target.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the RHBTF. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	17.5%	17.5%
International Equity	17.5%	17.5%
Private Equity	0.0%	0.0%
Fixed Income	65.0%	45.0%
Hedge Funds	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash (included in Fixed Income above)	\$0*	

** Cash levels to be reviewed as needed, at least annually, collaboratively with management staff from PEIA.*

West Virginia Retiree Health Benefit Trust Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	229,477
Contributions		165,000
Withdrawals		-
Net		165,000
Investment income		6,741
Net unrealized appreciation		36,239
June 30, 2011	\$	437,457

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 56,278	12.9%
Non-Large Cap Domestic	20,080	4.6
International Nonqualified	11,593	2.7
International Equity	65,772	15.0
Short-Term Fixed Income	68	0.0
Total Return Fixed Income	100,717	23.0
Core Fixed Income	54,768	12.5
TIPS	44,727	10.2
Hedge Fund	83,454	19.1
Total	\$ 437,457	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	12.0%
Three-year	8.8%

Workers' Compensation Old Fund

HISTORY

Formed in January 2006, the Workers' Compensation Old Fund (Old Fund) assumed responsibility for payment of all workers' compensation claims and liabilities incurred by the former West Virginia Workers' Compensation Commission prior to July 1, 2005. After July 1, 2005, workers' compensation claims or liabilities incurred are covered by private insurance carriers.

LIQUIDITY NEEDS

The BrickStreet Surplus Note that formerly provided cash inflows into the Old Fund has been paid in full. Statutorily pledged personal income tax, policy surcharges, and severance transfers appear to be sufficient to pay expected claims and claim-related expenses. For this reason, the Old Fund should maintain a flat to slightly positive net cash flow position until it is fully funded (at which time, pledged legislative transfers will cease, resulting in a sharp decline in net cash inflows). Liquidity needs for short-term cash (amount necessary for approximately 12 months worth of anticipated claims) will continue to be reviewed annually with appropriate staff from the West Virginia Offices of the Insurance Commissioner. Currently, a cash balance is held in the Old Fund in an amount equal to: 10 percent of the Old Fund's asset value or \$50 million, whichever is greater, in anticipation of a potential settlement program payout.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Preservation of principal and minimization of volatility, while still achieving some investment earnings growth adjusted for inflation.
- Provide adequate liquidity to meet cash flow requirements.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Old Fund. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	70.0%
Hedge Fund	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash	\$0*	10.0%

** Cash levels to be reviewed as needed, at least annually, collaboratively with management staff from the West Virginia Offices of the Insurance Commissioner.*

Workers' Compensation Old Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 888,780
Contributions	144,355
Withdrawals	(180,339)
Net	<u>(35,984)</u>
Investment income	21,324
Net unrealized appreciation	58,953
June 30, 2011	<u><u>\$ 933,073</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 68,769	7.5%
Non-Large Cap Domestic	24,554	2.6
International Nonqualified	18,982	2.0
International Equity	75,727	8.1
Short-Term Fixed Income	84,226	9.0
Total Return Fixed Income	365,935	39.2
Core Fixed Income	199,179	21.3
TIPS	95,701	10.3
Total	<u><u>\$ 933,073</u></u>	<u>100.0%</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	9.3%
Three-year	4.3%
Five-year	4.7%

Workers' Compensation Self-Insured Guaranty Risk Pool

HISTORY

The Workers' Compensation Self-Insured Guaranty Risk Pool (Self-Insured Pool) was established on January 1, 2006, for the purpose of paying the workers' compensation claims of defaulted self-insured employers occurring on or after July 1, 2004. It consists of those funds transferred, and any future funds collected, under the authority of Senate Bill 1004.

LIQUIDITY NEEDS

As all current and active self-insured employers are required to provide a bond, security, or other collateral to the West Virginia Offices of the Insurance Commissioner in the event of a deteriorating financial condition, it is anticipated that the liquidity position of this fund should remain stable. A small cash reserve will be held in the event of an unforeseen emergency, as is possible with an insurance program of this kind.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Provide adequate liquidity to meet cash flow requirements.
- Given the expected infinite life of the fund, allow for growth of assets in an amount at least equal to expected inflation.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Self-Insured Pool. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	55.0%
Hedge Fund	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash	0.0%	5.0%

Workers' Compensation Self-Insured Guaranty Risk Pool

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	8,066
Contributions		1,045
Withdrawals		(28)
Net		<u>1,017</u>
Investment income		116
Net unrealized appreciation		428
June 30, 2011	\$	<u><u>9,627</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 701	7.4%
Non-Large Cap Domestic	249	2.6
International Nonqualified	322	3.3
International Equity	645	6.7
Short-Term Fixed Income	541	5.6
Total Return Fixed Income	2,881	29.9
Core Fixed Income	1,565	16.3
TIPS	976	10.1
Hedge Fund	1,747	18.1
Total	<u>\$ 9,627</u>	<u>100.0%</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	6.3%
Three-year	2.4%
Five-year	3.4%

Workers' Compensation Uninsured Employers' Fund

HISTORY

The Workers' Compensation Uninsured Employers' Fund (Uninsured Fund) was established January 1, 2006, under Senate Bill 1004 to provide for the benefit of injured workers, whose employers failed to provide mandatory workers' compensation coverage. The Uninsured Fund received initial funding of \$5 million by proclamation of the Governor.

LIQUIDITY NEEDS

There are minimal liquidity needs projected at this time as cash inflows (premiums) are expected to be sufficiently above cash outflows (claims) for the near future. A small cash reserve will be held in the event of an unforeseen emergency, as is possible with an insurance program of this kind.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Provide adequate liquidity to meet cash flow requirements.
- Given the expected infinite life of the fund, allow for growth of assets in an amount at least equal to expected inflation.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Uninsured Fund. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	55.0%
Hedge Fund	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash	0.0%	0.0%
	0.0%	5.0%

Workers' Compensation Uninsured Employers' Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	8,852
Contributions		491
Withdrawals		(860)
Net		<u>(369)</u>
Investment income		108
Net unrealized appreciation		320
June 30, 2011	\$	<u><u>8,911</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 685	7.9%
Non-Large Cap Domestic	243	2.7
International Nonqualified	325	3.6
International Equity	597	6.7
Short-Term Fixed Income	503	5.6
Total Return Fixed Income	2,511	28.2
Core Fixed Income	1,323	14.8
TIPS	922	10.3
Hedge Fund	1,802	20.2
Total	<u><u>\$ 8,911</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	4.7%
Three-year	1.9%
Five-year	3.1%

Revenue Shortfall Reserve Fund

HISTORY

The Revenue Shortfall Reserve Fund (Reserve Fund) was created as a result of legislation passed in the 2006 regular legislative session under *West Virginia Code §11B-2-20*. It is to be funded from State surplus revenues accrued, if any, during the most recent fiscal year. The first 50 percent of all such surplus revenues will be deposited into the Reserve Fund within 60 days of the end of each fiscal year. When the balance in the Reserve Fund meets or exceeds 10 percent of the State's General Revenue Fund Budget for the expiring fiscal year the deposit of surplus revenue into the Reserve Fund becomes discretionary. The West Virginia Legislature is authorized and may make an appropriation from the Reserve Fund for revenue shortfalls, for emergency revenue needs caused by acts of God or natural disasters, or for other fiscal needs, as it determines.

LIQUIDITY NEEDS

The Reserve Fund is intended to be co-managed between the IMB and the West Virginia Board of Treasury Investments. A cash account of \$100 million must be invested throughout the life of the Reserve Fund in cash with the West Virginia Board of Treasury Investments. Any assets in excess of \$100 million will be invested with the IMB. The West Virginia State Budget Office will monitor these asset balances and will direct both the IMB and the West Virginia Board of Treasury Investments when the transfer of funds is necessary from one to the other.

Future cash outflows are uncertain. The assets may be withdrawn, in whole or in part, at any time as directed by the West Virginia Legislature or by executive order. Historically, cash outflows in similar state funds created for similar purposes have had withdrawals reimbursed by the State within each fiscal year.

INVESTMENT OBJECTIVES (for the assets managed by the IMB)

The investment objective is to provide for preservation of principal and minimization of volatility. There is no specifically identified target rate of return, as the Reserve Fund is a perpetual, endowment-like fund with no anticipated or scheduled liabilities.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Reserve Fund. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	0.0%	0.0%
International Equity	0.0%	0.0%
Private Equity	0.0%	0.0%
Fixed Income	100.0%	100.0%
Hedge Fund	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash	\$0*	

* Statutory cash requirements of \$100 million will be invested by the West Virginia Board of Treasury Investments.

Revenue Shortfall Reserve Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$	178,631
Contributions		51,417
Withdrawals		-
Net		<u>51,417</u>
Investment income		7,624
Net unrealized appreciation		5,076
June 30, 2011	\$	<u>242,748</u>

Asset Allocation

	Amount	Percent of Total
Total Return Fixed Income	\$ 78,355	32.2%
Core Fixed Income	42,613	17.6
TIPS	121,780	50.2
Total	<u>\$ 242,748</u>	<u>100.0%</u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	6.1%
Three-year	1.2%
Five-year	2.2%

Revenue Shortfall Reserve Fund – Part B

HISTORY

The Revenue Shortfall Reserve Fund - Part B (Reserve Fund - Part B), created by legislation passed in the 2006 regular legislative session under *West Virginia Code §11B-2-20*, was funded using the entire balance of the assets in the former Tobacco Settlement Medical Trust Fund. The West Virginia Legislature is authorized and may make expenditures from the Reserve Fund - Part B for the purposes set forth in *West Virginia Code §4-11A-3* or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature.

LIQUIDITY NEEDS

The Reserve Fund - Part B is intended to experience no cash outflows, but this is not entirely certain, as the West Virginia Legislature may appropriate a qualified expenditure as noted above. Cash inflows are expected to be minimal and emanate from loan repayments from the Physicians' Mutual Insurance Company [*West Virginia Code §33-20F*] as well as other insurance tax payments.

INVESTMENT OBJECTIVES

The investment objective is to provide for stable, long-term growth of assets, while seeking to minimize risk of loss. There is no specifically identified rate of return target as the Reserve Fund - Part B is a perpetual, endowment-like fund with no anticipated or scheduled liabilities.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Reserve Fund - Part B. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	10.0%	10.0%
International Equity	10.0%	10.0%
Private Equity	0.0%	0.0%
Fixed Income	80.0%	80.0%
Hedge Funds	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash	\$0	

Revenue Shortfall Reserve Fund – Part B

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 278,690
Contributions	1,437
Withdrawals	-
Net	1,437
Investment income	7,280
Net unrealized appreciation	28,331
June 30, 2011	\$ 315,738

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 22,899	7.2%
Non-Large Cap Domestic	8,188	2.6
International Nonqualified	10,707	3.4
International Equity	20,234	6.4
Short-Term Fixed Income	1,462	0.5
Total Return Fixed Income	132,488	42.0
Core Fixed Income	72,026	22.8
TIPS	47,734	15.1
Total	\$ 315,738	100.0%

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. A target rate of return has not been set for this plan.

Period	Actual
One-year	12.8%
Three-year	2.6%
Five-year	3.5%

HISTORY

The West Virginia Department of Environmental Protection Trust (DEP Trust) was established on January 29, 2010 for the primary purpose of protecting the environment and the health and welfare of the public, including providing for the long-term maintenance of certain water control facilities. The DEP Trust seeks to provide an economical way by which funds contributed for that purpose may be invested and managed. The sole trustee of the DEP Trust is the Treasurer of the State of West Virginia. The beneficiary of the DEP Trust is the West Virginia Department of Environmental Protection. The DEP Trust began investing funds with the IMB on May 27, 2011.

LIQUIDITY NEEDS

There are limited liquidity needs for the DEP Trust starting in fiscal year ended 2013 and going forward, based on historical actual needs incurred by DEP Trust, adjusted for inflation.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Meet or exceed 7.0 percent per annum, used as the discount rate by DEP Trust and the Federal Office of Surface Mining in determining the amount of assets invested in the DEP Trust.
- Achieve long-term growth by investing the DEP Trust in a well-diversified portfolio.
- Achieve a real rate of return that is high enough to protect the purchasing power of the DEP Trust.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the DEP Trust. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	35.0%	35.0%
International Equity	30.0%	30.0%
Private Equity	0.0%	0.0%
Fixed Income	35.0%	35.0%
Hedge Funds	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash	0.0%	0.0%
	\$0	

West Virginia Department of Environmental Protection Trust

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

May 27, 2011	\$	-
Contributions		6,565
Withdrawals		-
Net		<u>6,565</u>
Investment income		-
Net unrealized depreciation		(50)
June 30, 2011	\$	<u>6,515</u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 1,536	23.7%
Non-Large Cap Domestic	542	8.3
International Nonqualified	581	8.9
International Equity	1,127	17.3
Short-Term Fixed Income	666	10.2
Total Return Fixed Income	954	14.6
Core Fixed Income	514	7.9
TIPS	595	9.1
Total	<u>\$ 6,515</u>	<u>100.0%</u>

INVESTMENT PERFORMANCE

Investment returns are not reported for periods of less than one year.

West Virginia Prepaid Tuition Trust Fund

HISTORY

The West Virginia Prepaid Tuition Trust Fund (Tuition Trust) was established in 1997 with the objective of enhancing and improving higher education in the State. This is accomplished by providing individuals and organizations a means for paying future college tuition and fees in advance at a rate set at current levels.

LIQUIDITY NEEDS

There are rising liquidity needs for the Tuition Trust. Benefits and expenses will exceed receipts from participants' monthly payments on prepaid tuition contracts at an increasing rate in future years. Under normal economic conditions and funding scenarios the Tuition Trust's assets are expected to be depleted by 2017.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Meet or exceed actuarial interest rate assumption of 7.1 percent per annum, net of fees.
- Generate long-term, net of fee, returns that exceed liquidity needs.
- Build and maintain an actuarial surplus at a level recommended by the actuaries.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the Tuition Trust. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	34.0%	34.0%
International Equity	18.0%	18.0%
Private Equity	0.0%	0.0%
Fixed Income	48.0%	48.0%
Hedge Fund	0.0%	0.0%
Real Estate	0.0%	0.0%
Cash	\$1,000,000*	

** IMB Staff has authority to change the cash allocation plus or minus 10 percent, as necessary, in consultation with the appropriate representative(s) from the Tuition Trust.*

West Virginia Prepaid Tuition Trust Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 77,283
Contributions	-
Withdrawals	(7,000)
Net	<u>(7,000)</u>
Investment income	1,372
Net unrealized appreciation	13,136
June 30, 2011	<u><u>\$ 84,791</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 22,381	26.3%
Non-Large Cap Domestic	6,079	7.2
International Nonqualified	5,257	6.2
International Equity	9,985	11.8
Short-Term Fixed Income	1,005	1.2
Core Fixed Income	40,084	47.3
Total	<u><u>\$ 84,791</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	19.7%	7.1%
Three-year	6.8%	7.1%
Five-year	6.0%	7.1%
Ten-year	6.7%	7.1%

Wildlife Endowment Fund

HISTORY

The Wildlife Endowment Fund (WEF) was created in 1986 to supplement the Division of Natural Resources' annual budget in support of various statewide projects.

LIQUIDITY NEEDS

The liquidity needs of the WEF will be set on an annual basis and determined by a separate Wildlife Endowment Board as established by West Virginia State Code.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Achieve a total rate of return of at least 6.0 percent per annum, net of fees.
- Provide adequate liquidity to meet cash flow requirements.

ASSET ALLOCATION

Based upon a determination of the appropriate risk tolerance, the Board adopted the following broad asset allocation guidelines for the assets managed for the WEF. Policy and Strategic Allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	25.0%
International Equity	30.0%	25.0%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	20.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash	\$0	

Wildlife Endowment Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2010	\$ 34,874
Contributions	539
Withdrawals	(2,170)
Net	<u>(1,631)</u>
Investment income	337
Net unrealized appreciation	6,800
June 30, 2011	<u><u>\$ 40,380</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 7,407	18.2%
Non-Large Cap Domestic	2,649	6.6
International Nonqualified	3,483	8.6
International Equity	6,535	16.2
Short-Term Fixed Income	273	0.7
Total Return Fixed Income	6,213	15.4
Core Fixed Income	2,889	7.2
TIPS	2,063	5.1
Private Equity	4,030	10.0
Private Real Estate	1,003	2.5
Hedge Fund	3,835	9.5
Total	<u><u>\$ 40,380</u></u>	<u><u>100.0%</u></u>

INVESTMENT PERFORMANCE

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

Period	Actual	Target
One-year	20.7%	6.0%
Three-year	5.7%	6.0%
Five-year	5.4%	6.0%
Ten-year	6.8%	6.0%

Audited Financial Statements

Investment Pools

Audited Financial Statements

June 30, 2011

Large Cap Domestic Equity Pool

Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board (WVIMB) Large Cap Domestic Equity Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Large Cap Domestic Equity Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Large Cap Domestic Equity Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 2,056,412
Collateral for securities loaned at fair value (Note 7)	175,550
Cash	370
Unrealized gain on futures contracts (Note 8)	340
Receivables:	
Investments sold	44,782
Dividends	2,807
Securities lending income	<u>27</u>
Total assets	2,280,288

Liabilities

Accrued expenses	515
Payable for investments purchased	19,570
Payable upon return of securities loaned (Note 7)	<u>178,656</u>
Total liabilities	<u>198,741</u>

Net assets \$ 2,081,547

Analysis of net assets

Paid-in capital	\$ 1,370,080
Accumulated undistributed net investment income	304,601
Accumulated undistributed net realized gain from investments	92,913
Unrealized net appreciation of investments	<u>313,953</u>
Net assets	<u><u>\$ 2,081,547</u></u>

Unit data

Units outstanding	158,162,494
Net asset value, unit price	<u><u>\$ 13.16</u></u>

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Equity Securities			
<i>Basic Materials</i>			
Air Products and Chemicals Inc	65,600	\$ 5,623	\$ 6,270
Airgas Inc	5,900	294	413
Alcoa Inc	230,600	3,458	3,657
Allegheny Technologies Inc	8,800	236	559
Alpha Natural Resources Inc	77,597	4,078	3,526
Ball Corporation	117,100	3,794	4,504
Bemis Company Inc	8,600	218	291
CF Industries Holdings Inc	43,700	5,405	6,191
Cliffs Natural Resources Inc	29,600	1,481	2,737
Dow Chemical Company	238,800	7,865	8,597
DuPont EI de Nemours Co	295,500	12,146	15,972
Eastman Chemical Company	49,700	4,339	5,073
Ecolab Inc	19,200	890	1,082
FMC Corporation	10,800	692	929
Freeport-McMoRan Copper & Gold	136,500	5,743	7,221
International Paper Company	45,300	969	1,351
Intl Flavors & Fragrances Inc	41,100	1,863	2,640
MeadWestvaco Corp	17,200	353	573
Monsanto Company	71,900	5,180	5,216
Newmont Mining Corp	41,400	1,991	2,234
Nucor Corporation	26,300	1,208	1,084
Owens-Illinois Inc	12,900	322	333
Peabody Energy Corp	39,500	1,931	2,327
PPG Industries Inc	83,000	6,276	7,536
Praxair Inc	43,400	3,745	4,704
Sealed Air Corporation	58,500	1,452	1,392
Sigma-Aldrich Corporation	41,000	2,552	3,009
Titanium Metals Corp	9,000	86	165
United States Steel Corp	12,000	543	552
Vulcan Materials	10,300	554	397
Weyerhaeuser Company	234,967	5,210	5,136
<i>Total Basic Materials - 5.1%</i>		90,497	105,671
<i>Capital Goods</i>			
3M Co	70,000	5,236	6,640
AK Steel Holding Corporation	9,100	183	143
Apollo Group	17,500	1,007	764
Avery Dennison Corp	56,000	2,120	2,163
BF Goodrich Company	44,700	2,794	4,269
Boeing Company	61,900	3,531	4,576
C H Robinson Worldwide Inc	60,100	4,162	4,738
Caterpillar Inc	146,000	11,499	15,543
Cintas Corp	10,200	308	337
CSX Corp	310,200	6,669	8,133
Cummins Engine Company Inc	47,300	3,600	4,895
Danaher Corp	49,500	1,772	2,623
Deere & Company	106,000	6,675	8,740
Donnelley & Sons	17,500	294	343
Dover Corp	17,400	683	1,180
Dun & Bradstreet Corp	28,900	2,303	2,183
Eaton Corporation	108,000	3,968	5,557
Emerson Electric Co	93,400	4,211	5,254
Equifax Inc	16,300	463	566
Expeditors Intl of Washington	63,200	2,849	3,235
Fastenal Company	33,100	736	1,191
FedEx Corp	26,400	1,960	2,504
Flowerserve Corp	5,900	579	648
Fluor Corporation	59,400	3,503	3,841
General Dynamics Corp	40,400	2,481	3,011
General Electric Company	1,711,375	37,607	32,277
Grainger WW Inc	20,000	1,796	3,073

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Honeywell International Inc	169,000	7,267	10,071
Illinois Tool Works Inc	54,000	2,527	3,050
Iron Mountain Inc	36,300	1,056	1,237
ITT Industries Inc	20,300	1,042	1,196
Jacobs Engineering Group Inc	10,100	464	437
Joy Global Inc	11,000	1,036	1,048
L-3 Communications Hldgs Inc	10,100	789	883
Lockheed Martin Corp	24,300	1,753	1,968
Masco Corporation	153,800	1,970	1,850
Monster Worldwide Inc	50,600	757	742
Norfolk Southern Corp	53,400	2,716	4,001
Northrop Grumman Corp	30,000	1,490	2,081
PACCAR Inc	79,600	3,679	4,067
Pall Corporation	48,500	2,467	2,727
Parker-Hannifin Corporation	47,500	3,362	4,263
Pitney Bowes Inc	27,800	641	639
Precision Castparts Corp	13,200	1,413	2,173
Priceline.com Inc	15,610	3,988	7,991
Raytheon Company	35,000	1,613	1,745
Republic Services Inc	25,200	685	777
Robert Half International Inc	33,900	915	916
Rockwell Automation Inc	77,800	3,801	6,750
Rockwell Collins	12,900	666	796
Roper Industries Inc	42,600	3,008	3,549
Ryder System Inc	7,400	300	421
Southwest Airlines Co	61,100	596	698
Stanley Black & Decker Inc	14,177	595	1,021
Textron Inc	22,400	439	529
Tyco International Ltd	66,800	2,703	3,302
Union Pacific Corp	83,700	6,067	8,738
United Parcel Service Inc	101,300	5,974	7,388
United Technologies Corp	89,600	5,672	7,930
Waste Management Inc	60,400	1,909	2,251
<i>Total Capital Goods - 10.8%</i>		186,349	225,662
<i>Communication Services</i>			
American Tower Corporation	33,400	1,302	1,748
AT&T Inc	1,211,229	35,673	38,045
CenturyTel Inc	355,266	12,613	14,363
Frontier Communications Corp	358,086	2,944	2,890
Metropcs Communications Inc	124,300	1,308	2,139
Sprint Nextel Corporation	247,500	1,218	1,334
Verizon Communications	423,349	14,022	15,761
Windstream Corp	271,400	3,257	3,517
<i>Total Communication Services - 3.8%</i>		72,337	79,797
<i>Consumer Discretionary</i>			
Abercrombie & Fitch Co	7,600	250	509
Amazon.com Inc	35,000	3,691	7,157
AutoNation Inc	21,800	525	798
AutoZone Inc	17,200	3,644	5,071
Bed Bath & Beyond Inc	21,500	803	1,255
Best Buy Co Inc	27,400	1,064	861
Big Lots Inc	5,700	141	189
Cablevision Systems	171,000	5,922	6,192
CarMax Inc	92,200	2,765	3,049
Carnival Corp	42,400	1,445	1,596
CBS Corp	176,900	3,561	5,040
Chipotle Mexican Grill Inc	4,600	1,216	1,418
Coach Inc	33,700	1,252	2,154
Comcast Corp	398,150	7,454	10,089
CVS Caremark Corp	134,676	4,029	5,061
Darden Restaurants Inc	11,700	353	582

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
DeVry Inc	5,200	287	307
DIRECTV Group Inc	161,800	5,439	8,223
Discovery Communications Inc	25,400	804	1,040
Disney Walt Company	196,500	5,512	7,671
DR Horton Inc	23,900	277	275
Expedia Inc	23,100	481	670
Family Dollar Stores	72,900	2,933	3,832
Ford Motor Company	733,400	7,457	10,114
Fortune Brands Inc	40,800	2,135	2,602
GameStop Corp	14,400	376	384
Gannett Co Inc	49,300	664	706
Gap Inc	36,300	597	657
Genuine Parts Company	42,000	1,910	2,285
Goodyear Tire & Rubber Co	18,700	319	314
Harley-Davidson Inc	38,900	1,154	1,594
Harman Intl Industries Inc	11,000	442	501
Hasbro Inc	28,300	1,142	1,243
Home Depot Inc	158,700	4,434	5,748
International Game Technology	25,500	547	448
Interpublic Group of Co Inc	77,800	742	973
Johnson Controls Inc	129,900	4,416	5,412
Kohl's Corporation	24,300	1,340	1,215
Leggett & Platt Inc	11,200	155	273
Lennar Corporation	12,200	175	221
Limited Inc	128,700	3,068	4,949
Lowe's Corp Inc	158,300	3,447	3,690
Macys Retail Holdings Inc	37,600	535	1,099
Marriott International Inc	36,180	1,175	1,284
Mattel Inc	57,200	1,117	1,572
McDonald's Corporation	182,800	11,584	15,414
McGraw-Hill Companies Inc	103,500	3,636	4,338
NetFlix.com Inc	13,100	2,533	3,441
Newell Rubbermaid Inc	121,200	2,119	1,913
News Corp	192,400	2,343	3,405
Nike Inc	66,100	4,349	5,948
Nordstrom Inc	14,200	463	667
Omnicom Group Inc	75,200	3,325	3,622
O'Reilly Automotive Inc	44,200	2,220	2,896
Penney JC & Company	89,600	3,193	3,095
Polo Ralph Lauren Corporation	18,200	2,007	2,414
Pulte Corporation	28,100	309	215
Ross Stores Inc	60,800	3,685	4,871
Sears Holding Corp	3,400	220	243
Sherwin-Williams Co	19,000	1,401	1,594
Snap-On Inc	39,800	2,264	2,487
Staples Inc	60,200	1,387	951
Starbucks Corp	110,800	2,384	4,375
Starwood Hotels & Resorts Inc	39,100	1,685	2,191
Target Corp	64,900	3,127	3,044
Tiffany & Co	32,200	1,783	2,528
Time Warner Cable Inc	68,512	3,293	5,347
Time Warner Inc	93,500	2,444	3,401
TJX Companies Inc	35,200	1,088	1,849
Urban Outfitters Inc	12,200	376	343
VF Corp	7,300	530	792
Viacom Inc	134,500	3,916	6,860
Washington Post Company	1,600	687	670
Whirlpool Corporation	6,400	444	520
Wyndham Worldwide Corporation	16,000	263	538
Wynn Resorts Limited	28,000	2,450	4,019
Yum Brands Inc	184,400	8,438	10,186
<i>Total Consumer Discretionary - 10.8%</i>		171,141	224,500

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>Consumer Staples</i>			
Altria Group Inc	500,620	10,572	13,221
Archer-Daniels-Midland Co	58,800	1,588	1,773
Avon Products Inc	35,800	1,175	1,002
Brown Forman Corp	66,500	3,951	4,967
Campbell Soup Co	30,400	1,036	1,050
Clorox Company	11,700	689	789
Coca-Cola Company	378,700	20,231	25,483
Coca-Cola Enterprises Inc	181,100	4,290	5,284
Colgate-Palmolive Co	42,000	3,233	3,671
ConAgra Foods Inc	37,400	805	965
Constellation Brands Inc	51,200	931	1,066
Costco Wholesale Corp	78,500	5,383	6,377
Dean Foods Company	19,100	367	234
Dr Pepper Snapple Group	31,200	727	1,308
Estee Lauder Companies Inc	63,000	3,749	6,627
General Mills Inc	85,600	2,923	3,186
Heinz HJ Company	75,300	3,354	4,012
Hershey Foods Corp	24,200	1,055	1,376
Hormel Foods Corp	95,600	2,063	2,850
Kellogg Company	49,400	2,626	2,733
Kimberly Clark Corporation	43,400	2,542	2,889
Kraft Foods Inc	209,100	5,917	7,367
Kroger Co	135,300	3,347	3,355
Lorillard, Inc	12,400	863	1,350
McCormick & Company Inc	88,400	3,775	4,382
Mead Johnson Nutrition Co-A	112,809	5,297	7,620
Molson Coors Brewing Co	14,800	712	662
Pepsico Inc	255,064	15,354	17,964
Philip Morris International	299,020	14,610	19,966
Procter & Gamble Company	466,632	27,756	29,664
Reynolds American Inc	178,000	4,674	6,595
Safeway Inc	30,400	598	710
Sara Lee Corp	367,400	5,098	6,977
Smucker JM Company	22,000	1,460	1,682
Supervalu Inc	17,300	258	163
Sysco Corp	48,500	1,156	1,512
Tyson Foods, Inc	25,200	343	489
Walgreen Co	196,100	7,791	8,326
Wal-Mart Stores	313,300	16,419	16,649
Whole Foods Market Inc	21,300	680	1,351
<i>Total Consumer Staples - 10.9%</i>		189,398	227,647
<i>Energy</i>			
Anadarko Petroleum Corp	67,400	3,743	5,174
Apache Corporation	34,400	3,372	4,245
Baker Hughes Inc	94,242	5,622	6,838
Cabot Oil & Gas Corporation	12,900	504	855
Cameron International Corp	62,600	2,900	3,148
Chesapeake Energy Corp	131,500	3,845	3,904
ChevronTexaco Corp	352,855	27,401	36,288
ConocoPhillips	251,880	14,991	18,939
CONSOL Energy Inc	56,500	2,653	2,739
Denbury Resources Inc	42,900	653	858
Devon Energy Corporation	83,300	6,358	6,565
Diamond Offshore Drilling Inc	6,100	588	430
El Paso Corporation	178,700	2,101	3,610
EOG Resources Inc	22,600	1,959	2,363
Exxon Mobil Corporation	892,294	62,554	72,615
First Solar Inc	7,500	1,089	992
FMC Technologies Inc	127,800	5,151	5,724
Halliburton Company	151,100	4,936	7,706
Helmerich & Payne Inc	56,400	3,082	3,729

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Hess Corp	71,700	4,771	5,360
Marathon Oil Corp	127,500	4,495	6,717
Murphy Oil Corporation	71,700	4,917	4,708
Nabors Industries Ltd	69,800	1,673	1,720
National-Oilwell Varco Inc	152,900	10,073	11,958
Newfield Exploration Company	29,300	2,083	1,993
Noble Corp	45,500	1,712	1,793
Noble Energy Inc	17,900	1,239	1,604
Occidental Petroleum Corp	72,100	5,424	7,501
Pioneer Natural Resources Co	97,700	6,516	8,751
QEP Resources Inc	15,700	380	657
Range Resources Corporation	13,100	649	727
Rowan Companies Inc	70,300	2,419	2,728
Schlumberger Ltd	203,611	13,367	17,592
Spectra Energy Corp	146,500	3,213	4,016
Sunoco Inc	78,300	2,833	3,266
Tesoro Petroleum Corporation	63,100	1,374	1,446
Valero Energy Corporation	119,900	2,621	3,066
Williams Companies Inc	103,000	2,507	3,116
<i>Total Energy - 13.2%</i>		225,768	275,441
<i>Financial Services</i>			
Ace Ltd	62,700	3,614	4,127
AFLAC Inc	47,500	2,168	2,217
Allstate Corp	45,000	1,376	1,374
American Express	107,500	3,526	5,558
American International Group	46,400	1,665	1,360
Ameriprise Financial Inc	99,000	4,270	5,710
Aon Corporation	97,600	4,688	5,007
Apartment Investment & Mgmt Co	36,300	689	927
Assurant Inc	34,700	1,238	1,259
Avalonbay Communities Inc	14,700	1,276	1,887
Bank of America Corporation	969,377	19,955	10,624
Bank of New York Mellon Corp	104,500	3,681	2,677
BB&T Corporation	58,000	1,558	1,557
Berkshire Hathaway Inc	166,396	12,624	12,877
BlackRock Inc	20,100	3,977	3,855
Boston Properties Inc	13,600	914	1,444
Capital One Financial Corp	70,800	3,000	3,658
CB Richard Ellis Grp Inc	125,300	2,147	3,146
Chubb Corp	41,300	2,184	2,586
Cincinnati Financial Corp	88,100	2,474	2,571
Citigroup Inc	307,560	16,828	12,807
CME Group Inc	5,800	1,770	1,691
Comerica Inc	38,000	1,256	1,314
Discover Financial Services	307,800	6,653	8,234
E*Trade Group Inc	16,820	291	232
Equity Residential Prop Trust	86,400	3,570	5,184
Federated Investors Inc	72,100	1,889	1,719
Fifth Third Bancorp	262,900	2,768	3,352
First Horizon National Corp	48,168	490	460
Franklin Resources Inc	18,500	1,717	2,429
Genworth Financial Inc	42,700	535	439
Goldman Sachs Group Inc	62,100	8,941	8,265
H&R Block Inc	116,100	1,943	1,862
Hartford Financial Services Gp	38,700	1,051	1,021
HCP Inc	33,900	1,068	1,244
Health Care Inc	19,900	934	1,043
Host Hotels & Resorts Inc	86,889	1,087	1,473
Hudson City Bancorp Inc	46,100	731	378
Huntington Bancshares Inc	70,300	323	461
Intercontinental Exchange Inc	6,000	572	748
Invesco Limited	47,600	876	1,114

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Janus Capital Group Inc	19,300	270	182
JP Morgan Chase & Co	495,353	18,794	20,280
KeyCorp	102,100	758	850
Kimco Realty Corporation	42,100	515	785
Legg Mason Inc	12,300	382	403
Leucadia National Corporation	145,200	4,832	4,951
Lincoln National Corp	26,100	665	744
Loews Corp	90,600	3,371	3,813
M & T Bank Corporation	13,700	1,029	1,205
Marsh & McLennan Co Inc	211,900	6,131	6,609
Marshall & Ilsley Corporation	46,100	247	367
MasterCard Inc	9,100	1,974	2,742
MetLife Inc	91,500	3,508	4,014
Moody's Corp	17,800	432	683
Morgan Stanley	131,500	4,197	3,026
Nasdaq Stock Market Inc	11,100	239	281
Northern Trust Corp	20,300	1,141	933
NYSE Euronext	34,300	994	1,175
People's United Financial Inc	30,400	463	409
Plum Creek Timber Co Inc	34,400	1,242	1,395
PNC Financial Services Group	46,400	2,363	2,766
Principal Financial Group Inc	57,300	1,629	1,743
Progressive Corp	89,400	1,589	1,911
Prologis Inc	42,674	1,299	1,529
Prudential Financial Inc	45,600	2,204	2,900
Public Storage Inc	17,600	1,493	2,007
Regions Financial Corp	103,200	559	640
Schwab Charles Corp	112,900	1,945	1,857
Simon Property Group	29,502	2,160	3,429
SLM Corp	42,400	348	713
State Street Corp	55,400	2,636	2,498
SunTrust Banks Inc	46,700	1,068	1,205
T Rowe Price Associates Inc	53,600	3,065	3,234
Torchmark Corporation	57,000	3,160	3,656
Travelers Cos Inc	60,600	2,978	3,538
UnumProvident Corp	35,400	716	902
US Bancorp	246,200	5,820	6,281
Ventas Inc	20,600	824	1,086
Visa Inc-Class A Shares	41,000	3,432	3,455
Vornado Realty Trust	13,840	935	1,290
Wells Fargo & Company	597,800	15,841	16,774
XL Group PLC	45,000	866	989
Zions Bancorporation	14,800	289	355
<i>Total Financial Services - 12.0%</i>		240,720	249,496
<i>Health Care</i>			
Abbott Laboratories	140,700	7,241	7,404
Aetna Inc	33,300	951	1,468
Allergan Inc	25,800	1,497	2,148
AmerisourceBergen Corp	67,900	1,747	2,811
Amgen Inc	96,300	5,265	5,619
Bard CR Inc	15,300	1,468	1,681
Baxter International Inc	99,600	5,662	5,945
Becton Dickinson & Company	34,000	2,486	2,930
Biogen Idec Inc	45,700	2,634	4,886
Boston Scientific Corp	311,600	2,446	2,153
Bristol-Myers Squibb Company	202,642	4,466	5,869
Cardinal Health Inc	56,500	1,796	2,566
CareFusion Corporation	55,100	1,423	1,497
Celgene Corporation	43,300	2,399	2,612
Cephalon Inc	5,900	340	471
Cerner Corporation	30,200	1,584	1,846
CIGNA Corporation	41,000	1,226	2,109

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Coventry Health Care Inc	38,800	1,103	1,415
Covidien PLC	123,800	6,558	6,590
DaVita Inc	24,800	1,887	2,148
DENTSPLY International Inc	17,400	603	663
Edwards Lifesciences Corp	27,000	2,297	2,354
Express Scripts Inc	57,200	2,404	3,088
Forest Laboratories Inc	31,600	940	1,243
Gilead Sciences Inc	89,300	3,876	3,698
Hospira Inc	17,000	655	963
Humana Inc	42,900	1,849	3,455
Intuitive Surgical Inc	3,500	942	1,302
Johnson & Johnson	452,900	27,577	30,127
Laboratory Corp of Amer Hldgs	35,600	3,063	3,446
Life Technologies Corp	15,400	703	802
Eli Lilly and Company	86,100	3,143	3,231
McKesson HBOC Inc	37,100	2,521	3,103
Medco Health Solutions Inc	56,300	3,054	3,182
Medtronic Inc	104,000	4,012	4,007
Merck & Co Inc	435,180	14,807	15,358
Mylan Laboratories Inc	35,800	550	883
Patterson Companies Inc	7,600	207	250
PerkinElmer Inc	18,200	409	490
Pfizer Inc	1,150,683	24,494	23,704
Quest Diagnostics Inc	29,000	1,618	1,714
St Jude Medical Inc	37,200	1,491	1,774
Stericycle Inc	55,900	4,266	4,982
Stryker Corporation	50,500	2,511	2,964
Tenet Healthcare Corporation	38,300	208	239
Thermo Electron Corporation	39,600	1,781	2,550
UnitedHealth Group Inc	133,600	4,004	6,891
Varian Medical Systems Inc	89,400	4,924	6,260
Waters Corporation	12,200	718	1,168
Watson Pharmaceuticals Inc	42,300	1,860	2,907
WellPoint Inc	40,200	2,183	3,167
Zimmer Holdings Inc	21,000	1,165	1,327
<i>Total Health Care - 9.9%</i>		179,014	205,460
<i>Technology</i>			
Adobe Systems Inc	59,500	1,892	1,871
Advanced Micro Devices Inc	47,500	270	332
Agilent Technologies Inc	119,600	4,881	6,113
Akamai Technologies Inc	21,200	656	667
Altera Corporation	93,800	2,661	4,348
Amphenol Corp	32,000	1,503	1,728
Analog Devices Inc	71,800	2,525	2,810
Apple Computer Inc	134,300	22,799	45,080
Applied Materials Inc	152,800	2,049	1,988
Autodesk Inc	65,200	2,315	2,517
Automatic Data Processing Inc	71,100	3,231	3,746
BMC Software Inc	16,900	562	924
Broadcom Corp	71,400	2,437	2,402
CA Inc	108,500	2,321	2,478
Cisco Systems Inc	616,190	12,651	9,619
Citrix Systems Inc	46,000	2,166	3,680
Cognizant Tech Solutions Corp	118,600	4,932	8,698
Computer Sciences Corp	12,600	634	478
Compuware Corporation	169,600	1,837	1,655
Corning Inc	131,600	2,331	2,389
Dell Inc	140,900	2,060	2,349
eBay Inc	247,800	6,993	7,997
Electronic Arts Inc	26,800	513	632
EMC Corporation	235,200	3,439	6,480
F5 Networks Inc	39,300	4,496	4,333

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Fidelity Ntl Information Svcs	23,200	563	714
Fiserv Inc	72,100	4,175	4,516
FLIR Systems Inc	12,700	355	428
Google Inc	35,200	17,343	17,825
Harris Corporation	11,000	395	496
Hewlett-Packard Company	199,600	8,512	7,265
Ingersoll-Rand PLC	91,400	3,995	4,150
Intel Corporation	542,200	10,913	12,015
International Business Machs	221,400	24,074	37,981
Intuit Inc	40,300	1,450	2,090
Jabil Circuit Inc	15,400	195	311
JDS Uniphase Corporation	107,800	1,349	1,796
Juniper Networks Inc	72,600	2,166	2,287
KLA-Tencor Corporation	84,600	3,681	3,425
Lexmark International Inc	6,100	132	178
Linear Technology Corp	26,200	768	865
LSI Logic Corporation	204,300	1,326	1,455
MEMC Electronic Materials Inc	17,500	288	149
Microchip Technology Inc	125,300	4,374	4,750
Micron Technology Inc	70,400	515	527
Microsoft Corporation	1,059,402	26,789	27,544
Molex Inc	11,000	215	283
Motorola Mobility Holdings Inc	125,900	2,694	2,775
Motorola Solutions Inc	70,127	3,399	3,229
National Semiconductor Corp	29,100	513	716
NetApp Inc.	124,600	4,733	6,576
Novellus Systems Inc	17,500	458	632
NVIDIA Corporation	360,900	6,034	5,751
Oracle Corporation	535,444	10,960	17,621
Paychex Inc	163,000	5,044	5,007
Qualcomm Inc	261,400	12,530	14,845
Red Hat Inc	16,400	464	753
SAIC INC	23,400	441	394
Salesforce.com Inc	24,100	1,998	3,590
SanDisk Corporation	20,100	479	834
Scripps Networks Interactive	12,300	426	601
Symantec Corporation	94,500	1,504	1,864
Tellabs Inc	24,700	117	114
Teradata Corporation	57,100	2,486	3,437
Teradyne Inc	14,000	128	207
Texas Instruments Inc	328,800	9,960	10,795
Total System Services Inc	28,700	491	533
VeriSign Inc	110,000	3,365	3,681
Western Digital Corp	18,700	547	680
Western Union Company	260,700	5,094	5,222
Xerox Corporation	136,904	1,208	1,425
Xilinx Inc	27,300	666	996
Yahoo! Inc	113,100	2,035	1,701
<i>Total Technology - 16.8%</i>		283,501	350,343
<i>Utilities</i>			
AES Corporation	248,600	3,203	3,167
Ameren Corporation	140,000	3,897	4,038
American Electric Power Co Inc	56,300	1,663	2,121
CenterPoint Energy Inc	161,600	2,192	3,127
CMS Energy Corporation	186,100	3,193	3,664
Consolidated Edison Inc	95,300	4,340	5,074
Constellation Energy Group	16,100	521	611
Dominion Resources Inc	119,800	4,784	5,783
DTE Energy Company	41,300	1,784	2,066
Duke Energy Corp	161,300	2,833	3,037
Edison International	55,500	1,989	2,151
Entergy Corporation	15,000	1,187	1,024

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
EQT Corp	13,100	533	688
Exelon Corp	61,100	2,888	2,618
FirstEnergy Corp	111,732	4,394	4,933
Integrus Energy Group Inc	15,900	680	824
NextEra Energy Inc	59,900	3,223	3,442
NICOR Inc	27,300	1,330	1,494
NiSource Inc	160,500	2,589	3,250
Northeast Utilities	125,600	3,517	4,417
NRG Energy Inc	19,700	487	484
ONEOK Inc	74,300	3,936	5,499
Pepco Holdings	161,500	2,693	3,170
PG&E Corp	41,300	1,748	1,736
Pinnacle West Capital Corp	48,500	1,815	2,162
PPL Corporation	47,700	1,352	1,327
Progress Energy Inc	47,400	2,023	2,276
Public Service Enterprise Grp	49,200	1,676	1,606
Quanta Services Inc	18,500	406	374
SCANA Corporation	50,500	1,956	1,988
Sempra Energy	19,900	992	1,052
Southern Company	140,900	4,875	5,690
Southwestern Energy Company	28,800	1,228	1,235
TECO Energy Inc	47,100	733	890
Wisconsin Energy Corporation	177,400	4,786	5,561
Xcel Energy Inc	162,300	3,649	3,943
<i>Total Utilities - 4.7%</i>		85,095	96,522
Total Equity Securities - 98.0%		1,723,820	2,040,539
Short-term Issues			
Dreyfus Cash Management Institutional Fund	15,873,300	15,873	15,873
Total Short-term Issues - 0.8%		15,873	15,873
Total Investment Securities - 98.8%		\$ 1,739,693	\$ 2,056,412
Collateral for Securities Loaned			
BNY Mellon Securities Lending Overnight Fund		\$ 174,619	\$ 174,619
Mellon SL DBT II Liquidating Fund		958	931
Mellon GSL DBT II Liquidating Trust		3,079	-
Total Collateral for Securities Loaned		\$ 178,656	\$ 175,550

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Dividends	\$ 44,025
Securities lending income	272
Securities lending borrower premiums	74
Net shareholder litigation proceeds	221
Commission recapture	<u>8</u>

Total investment income 44,600

Expenses

Investment advisor fees	(1,845)
Trustee fees	(9)
Custodian bank fees	(80)
Management fees	(655)
Fiduciary bond fees	(9)
Professional service fees	(123)
Securities lending agent fees	(69)
Futures commission expense	<u>(12)</u>

Total expenses (2,802)

Investment income, net 41,798

Realized and unrealized gain from investments

Net realized gain from investments	139,420
Net increase in the fair value of investments	<u>373,128</u>

Net gain from investments 512,548

Net increase in net assets from operations \$ 554,346

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 41,798
Net realized gain from investments	139,420
Net increase in the fair value of investments	<u>373,128</u>

Net increase in net assets from operations 554,346

Unit transactions

Proceeds from sale of units	303,204
Amount paid for repurchase of units	<u>(490,181)</u>

Net decrease in net assets from unit transactions (186,977)

Increase in net assets 367,369

Net assets, beginning of period 1,714,178

Net assets, end of period \$ 2,081,547

Unit data

Units sold	28,126,931
Units repurchased	<u>(41,848,869)</u>

Net decrease in units (13,721,938)

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. Assets are managed by Intech Investment Management, LLC, and State Street Global Advisors.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in equity securities are carried at fair value, which is determined by a third party pricing service based on quoted market prices. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Futures contracts are valued at the last settlement price established each day by the exchange on which they are traded. Commissions on the purchases of investment securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

of the securities loaned. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, consisting of the Mellon SL DBT II Liquidating Fund and the Mellon GSL DBT II Liquidating Trust (Liquidating Trust). Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index. The IMB records futures at fair market value as determined by the exchange on which they are traded. Gains or losses on open futures positions are unrealized. These gains or losses become realized when the position is closed.

Stock index futures may be used to provide immediate exposure to fluctuations in the market values of the stocks in the underlying index and to provide liquidity for cash flows.

The market risk associated with holding stock index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions.

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

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

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds equity securities of U.S. companies, exchange traded stock index futures, and money market funds with the highest credit rating. These types of securities are not exposed to credit risk, interest rate risk, custodial credit risk, or foreign currency risk. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund. At June 30, 2011, the Pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the Pool and is not exposed to concentration of credit risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

Futures contracts are the only derivative financial instruments held in the Pool. These derivative financial instruments are not designated as hedging instruments under ASC 815; they are used to provide immediate exposure to fluctuations in the market values of the stocks in the underlying index and to provide liquidity for cash flows. The primary risk managed by using these derivative financial instruments is market risk. See Note 2 for additional information on the Pool's purpose for entering into derivatives not designated as hedging instruments and for discussion on the risks associated with investing in these derivatives.

The table below presents the fair value of the derivative financial instruments not designated as hedging instruments recorded in the Statement of Assets and Liabilities as of June 30, 2011:

Derivatives not designated as hedging instruments under ASC 815	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity contracts	Unrealized gain on futures contracts	\$ 340		\$ -

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The table below presents the impact of the derivative financial instruments not designated as hedging instruments recorded in the Statement of Operations for the year ended June 30, 2011:

Derivatives not designated as hedging instruments under ASC 815	Statement of Operations Location	Realized Gain (Loss)	Statement of Operations Location	Unrealized Gain (Loss)
Equity contracts	Net realized gain from investments	\$ 5,126	Net increase in the fair value of investments	\$ 937

NOTE 6. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Equity securities	\$ 2,040,539	\$ -	\$ -	\$ 2,040,539
Regulated investment companies	-	15,873	-	15,873
Securities lending collateral funds	-	175,550	-	175,550
Futures	340	-	-	340
Total	\$ 2,040,879	\$ 191,423	\$ -	\$ 2,232,302

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$	174,478			
Initial collateral received:		<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	
Cash	\$	178,656	\$ 175,550	\$ (3,106)	
Non-cash		462	452	(10)	
Total	\$	<u>179,118</u>	<u>\$ 176,002</u>	<u>\$ (3,116)</u>	

The Liquidating Trust, referenced in Note 2, was created in October 2008 to account for certain securities issued by Sigma Finance, Inc. The IMB's balance in the Liquidating Trust for all IMB investment pools that participate in the securities lending program was \$10,974 of which \$3,248 was assigned to the Large Cap Domestic Equity Pool. A loss reserve was established for the entire amount. Through June 30, 2011 the loss reserve has been adjusted to \$3,079 as a result of cash received in the Liquidating Trust. This \$3,079 is included in the unrealized loss reported in the above table.

In October 2008, the IMB suspended the distribution of any net securities lending income subject to final dissolution of the Liquidating Trust. For the period October 2008 through June 2011, the pool has recorded, but not distributed \$2,051 of net securities lending income.

NOTE 8. FUTURES CONTRACTS

At June 30, 2011, open positions in futures contracts were as follows:

<u>Expiration</u>	<u>Open Contracts</u>	<u>Position</u>	<u>Value at June 30, 2011</u>	<u>Value Upon Entering Contract</u>	<u>Unrealized Gain (Loss)</u>
Sept 2011	155 S&P 500	Long	<u>\$ 10,195</u>	<u>\$ 9,855</u>	<u>\$ 340</u>

At June 30, 2011, the Pool had pledged cash of \$367 to cover margin requirements on open futures contracts.

NOTE 9. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$ 9.97
Income from investment operations:	
Net investment income	0.24
Net realized and unrealized gain on investment transactions	<u>2.95</u>
Total from investment operations	<u>3.19</u>
Net asset value at June 30, 2011	<u>\$ 13.16</u>

Time-weighted Total Return * 32.0%

Supplemental Data:

Net assets, end of period	\$ 2,081,547
Ratio to average net assets:	
Expenses **	0.13%
Net investment income **	2.04%
Portfolio turnover rate	60.80%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 10. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 902,180
Public Employees' Retirement System	810,662
State Police Death, Disability and Retirement Fund	88,512
Workers' Compensation Old Fund	68,769
Retiree Health Benefit Trust	56,278
Judges' Retirement System	23,447
Revenue Shortfall Reserve Fund - Part B	22,899
Prepaid Tuition Trust Fund	22,381
Deputy Sheriff's Retirement System	20,972
Coal Workers' Pneumoconiosis Fund	19,263
State Police Retirement System	13,145
Board of Risk and Insurance Management	10,287
Wildlife Endowment Fund	7,407
Public Employees' Insurance Agency	6,386
Emergency Medical Services Retirement System	6,037
WV Department of Environmental Protection Trust	1,536
Workers' Compensation Self-Insured Guaranty Risk Pool	701
Workers' Compensation Uninsured Employers Fund	685
Total	<u>\$ 2,081,547</u>

NOTE 11. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Non-Large Cap Domestic Equity Pool

B

Non-Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board (WVIMB) Non-Large Cap Domestic Equity Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Non-Large Cap Domestic Equity Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Non-Large Cap Domestic Equity Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	736,715
Collateral for securities loaned at fair value (Note 6)		166,057
Receivables:		
Investments sold		5,817
Dividends		456
Securities lending income		23
Foreign tax withholding		1
		<u>1</u>
Total assets		909,069

Liabilities

Accrued expenses		215
Payable for investments purchased		7,517
Payable upon return of securities loaned (Note 6)		168,214
		<u>168,214</u>
Total liabilities		175,946
Net assets	\$	<u>733,123</u>

Analysis of net assets

Paid-in capital	\$	506,226
Accumulated undistributed net investment income		28,728
Accumulated undistributed net realized gain from investments		72,524
Accumulated undistributed net realized loss from foreign currency transactions		(506)
Unrealized net appreciation of investments		126,151
		<u>126,151</u>
Net assets	\$	<u>733,123</u>

Unit data

Units outstanding		39,953,039
Net asset value, unit price	\$	<u>18.35</u>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Equity Securities			
<i>Basic Materials</i>			
Alpha Natural Resources Inc	181,971	\$ 9,104	\$ 8,269
Buckeye Technologies Inc	79,800	1,624	2,153
Cabot Corporation	55,400	1,156	2,209
Celanese Corp	139,740	3,737	7,450
Clearwater Paper Corp	20,500	1,450	1,400
Compass Minerals International	66,370	5,310	5,712
Crown Holdings Inc	143,750	4,154	5,580
Domtar Corporation	32,500	2,312	3,078
Eastman Chemical Company	40,300	4,188	4,113
Ferro Corporation	190,400	1,876	2,559
Huntsman Corp	113,800	1,771	2,145
Innophos Holdings Inc	51,500	2,222	2,513
NewMarket Corporation	18,600	2,308	3,175
Packaging Corp of America	172,560	4,922	4,830
Westlake Chemical Corporation	113,540	4,887	5,893
<i>Total Basic Materials - 8.3%</i>		51,021	61,079
<i>Capital Goods</i>			
Aegean Marine Petroleum Network	217,700	1,618	1,543
AerCap Holdings NV	125,600	1,717	1,634
Alaska Air Group Inc	28,600	1,696	1,958
Alliant Techsystems Inc	31,700	2,216	2,261
Ametek Inc	73,690	1,770	3,309
Apollo Group	26,400	952	1,153
Applied Industrial Tech Inc	97,100	2,959	3,458
BE Aerospace Inc	197,185	5,112	8,047
Ceradyne Inc	35,900	1,674	1,400
Compass Diversified Holdings	173,100	2,706	2,854
Complete Production Services	70,200	1,091	2,342
Crane Company	142,800	4,976	7,056
EMCOR Group Inc	117,500	3,514	3,444
Federal Mogul Corp	40,800	701	931
Gardner Denver Inc	31,400	687	2,639
Hubbell Inc	73,370	4,399	4,765
IDEX Corporation	131,870	3,811	6,046
ITT Educational Services Inc	23,200	1,660	1,815
KBR Inc	139,100	3,334	5,243
Landstar System Inc	146,720	5,740	6,820
Layne Christensen Company	67,400	1,834	2,045
Lincoln Electric Hldgs Inc	50,600	1,861	1,814
Mueller Industries Inc	83,300	3,102	3,158
NACCO Industries Inc	16,000	1,386	1,549
Oshkosh Truck Corporation	73,700	2,304	2,133
Ryder System Inc	77,400	3,447	4,400
Teletech Holdings Inc	84,200	1,695	1,775
Timken Company	35,500	1,691	1,789
Toro Company	51,700	2,325	3,128
Waste Connections Inc	145,870	3,364	4,628
WESCO International Inc	85,150	3,142	4,606
<i>Total Capital Goods - 13.6%</i>		78,484	99,743
<i>Communication Services</i>			
Metropcs Communications Inc	165,800	1,715	2,853
NII Holdings Inc	130,980	3,433	5,551
Telephone & Data Systems	54,800	1,488	1,703
<i>Total Communication Services - 1.4%</i>		6,636	10,107
<i>Consumer Discretionary</i>			
Aaron Rents Inc	120,600	3,189	3,408
Abercrombie & Fitch Co	21,000	1,135	1,405
AMERCO	18,800	1,885	1,808
Ann Inc	105,900	2,965	2,764

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Armstrong World Industries Inc	35,500	1,664	1,617
Boise Inc	220,800	1,566	1,720
Cash America International Inc	41,400	1,399	2,396
Cenveo Inc	58,300	370	373
Dillard's Inc	42,300	1,770	2,206
Foot Locker Inc	408,860	8,305	9,715
Fossil Inc	43,960	2,001	5,175
GameStop Corp	71,500	1,503	1,907
Goodyear Tire & Rubber Co	636,230	8,680	10,670
Harman Intl Industries Inc	135,980	6,235	6,197
Hertz Global Holdings Inc	515,280	6,666	8,183
Hot Topic Inc	379,900	2,836	2,826
IAC/InterActive Corporation	52,000	1,405	1,985
Lamar Advertising Company	131,180	4,283	3,590
Lithia Motors Inc	153,900	2,127	3,021
Movado Group Inc	104,500	1,692	1,788
O'Reilly Automotive Inc	78,170	2,789	5,121
Papa John's International Inc	72,300	2,377	2,405
Snap-On Inc	76,860	3,479	4,802
Sonic Automotive Inc	118,600	1,718	1,737
Standard Motor Products Inc	224,000	2,726	3,412
Sturm Ruger & Company Inc	45,400	919	997
True Religion Apparel Inc	81,900	2,402	2,382
Whirlpool Corporation	34,000	2,709	2,765
Wolverine World Wide Inc	52,100	1,918	2,175
<i>Total Consumer Discretionary - 13.4%</i>		82,713	98,550
<i>Consumer Staples</i>			
Alliance One International Inc	320,000	970	1,034
Elizabeth Arden Inc	91,400	2,221	2,653
Fresh Del Monte Produce Inc	68,900	1,862	1,838
Nash Fich Company	35,800	1,331	1,282
Ralcorp Holdings Inc	94,670	5,861	8,197
Spartan Stores Inc	87,300	1,639	1,705
<i>Total Consumer Staples - 2.3%</i>		13,884	16,709
<i>Energy</i>			
China Natural Gas Inc	52,500	277	201
CONSOL Energy Inc	155,720	5,508	7,549
Denbury Resources Inc	312,140	4,617	6,243
EnSCO International PLC	120,520	4,971	6,424
Frontier Oil Corp	98,900	1,467	3,195
Helix Energy Solutions Group	103,900	1,626	1,721
Holly Corporation	29,200	890	2,026
Oceaneering International Inc	51,800	2,083	2,098
Patterson-UTI Energy Inc	152,500	2,881	4,821
SEACOR SMIT Inc	20,900	2,207	2,089
Tesoro Petroleum Corporation	455,560	10,283	10,437
VAALCO Energy Inc	214,500	1,495	1,291
<i>Total Energy - 6.6%</i>		38,305	48,095
<i>Financial Services</i>			
Advance America Cash Advance	369,300	2,125	2,544
Allied World Assurance	45,200	2,728	2,603
American Financial Group	70,000	1,741	2,498
AmTrust Financial Services Inc	153,300	2,803	3,492
Apartment Investment & Mgmt Co	85,700	1,492	2,188
Ashford Hospitality Trust	233,700	1,957	2,910
Assurant Inc	114,000	3,600	4,135
Banco Latinoamericano Export	164,100	2,831	2,842
BOK Financial Corporation	37,900	1,779	2,076
Cathay General Bancorp	97,900	1,702	1,605
CBL & Associates Properties	225,300	3,395	4,085

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Chemical Financial Corp	83,600	1,671	1,568
City Holding Company	51,800	1,794	1,711
CNO Financial Group Inc	220,000	1,722	1,740
Commerce Bancshares Inc	107,200	4,282	4,610
Commonwealth REIT	63,900	1,694	1,651
Community Bank System Inc	34,400	814	853
Corrections Corp of America	65,600	1,702	1,420
Dime Community Bancshares	113,000	1,458	1,643
East West Bancorp Inc	84,000	1,549	1,698
EZCORP Inc	92,900	1,971	3,305
FBL Financial Group Inc	51,300	1,636	1,649
First Cash Financial Services	49,700	774	2,087
First Citizens BancShares Inc	9,900	1,724	1,853
First Financial Bancorp	97,900	1,581	1,634
FleetCor Technologies Inc	93,430	2,492	2,769
Forest City Enterprises	172,800	2,947	3,226
H&R Block Inc	205,600	2,964	3,298
HCC Insurance Holdings Inc	90,200	2,895	2,841
Hospitality Properties Trust	386,510	8,844	9,373
Huntington Bancshares Inc	667,300	3,962	4,377
Interactive Brokers Group Inc	172,800	2,904	2,704
International Bancshares Corp	177,600	2,982	2,971
Jones Lang LaSalle Inc	36,900	2,742	3,480
Maiden Holdings Ltd	279,500	2,491	2,543
MF Global Holdings Ltd	631,490	5,129	4,888
Nasdaq Stock Market Inc	152,600	3,148	3,861
National Health Investors Inc	35,300	1,112	1,568
Nelnet Inc	57,600	1,252	1,271
Net 1 UEPS Technologies Inc	232,500	2,966	2,018
Old National Bancorp	149,200	1,555	1,611
People's United Financial Inc	187,400	2,568	2,519
Post Properties Inc	63,400	2,164	2,584
Protective Life Corporation	103,100	2,522	2,385
Provident Financial Services	119,100	1,608	1,706
PS Business Parks Inc	59,200	3,103	3,262
Raymond James Financial Inc	76,200	2,278	2,450
Reinsurance Group of America	72,100	4,429	4,388
Republic Bancorp Inc	38,600	712	768
SEI Investments Company	39,300	768	885
Symetra Financial Corporation	41,700	570	560
Taubman Centers Inc	45,400	1,206	2,688
UMB Financial Corp	51,900	2,177	2,174
Urstadt Biddle Properties	89,300	1,727	1,617
Waddell & Reed Financial Inc	160,680	4,082	5,841
Wesbanco Inc	45,300	755	891
<i>Total Financial Services - 19.9%</i>		131,579	145,917
<i>Health Care</i>			
Alexion Pharmaceuticals Inc	143,056	2,984	6,728
Amerigroup Corporation	30,600	1,103	2,156
Charles River Laboratories	40,400	1,601	1,642
Community Health Systems Inc	155,450	5,711	3,992
Coventry Health Care Inc	244,670	5,338	8,923
Elan Corporation PLC	483,850	3,661	5,501
Health Net Inc	121,000	2,633	3,883
Herbalife Ltd	65,200	1,716	3,758
Hill-Rom Holdings Inc	229,150	7,718	10,550
IDEXX Laboratories Inc	51,540	3,041	3,997
Illumina Inc	58,510	2,432	4,397
Kindred Healthcare Inc	28,200	426	605
Life Technologies Corp	92,580	3,574	4,821
Magellan Health Services Inc	34,600	1,423	1,894
Myriad Genetics Inc	127,800	2,727	2,902

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
PDL BioPharma Inc	438,700	2,518	2,575
Santarus Inc	168,460	985	568
Wellcare Health Plans Inc	59,600	1,689	3,064
<i>Total Health Care - 9.8%</i>		51,280	71,956
<i>Technology</i>			
Alliance Data Systems Corp	99,610	7,265	9,370
Amdocs Ltd	112,600	3,333	3,422
Anixter International Inc	16,700	794	1,091
Arrow Electronics Inc	69,600	1,783	2,888
Avnet Inc	117,900	3,691	3,759
BMC Software Inc	126,900	5,386	6,941
Brocade Communications Systems	758,230	4,590	4,898
Calamos Asset Management	78,500	788	1,140
Check Point Software	140,180	4,101	7,969
Comtech Telecommunication Corp	57,400	1,564	1,609
DG Fastchannel Inc	52,200	1,518	1,673
DST Systems Inc	31,800	1,720	1,679
IHS Inc	19,210	1,581	1,602
Informatica Corporation	120,180	6,408	7,022
Ingram Micro Inc	89,100	1,496	1,616
Insight Enterprises Inc	120,400	1,651	2,132
Lihua International Inc	190,800	1,667	1,162
LSI Logic Corporation	1,387,540	8,088	9,879
Mettler-Toledo International	39,480	4,702	6,659
MSCI Inc	111,790	2,916	4,212
NCR Corporation	101,300	1,870	1,914
New Oriental Education & Tech	31,820	3,176	3,555
Novellus Systems Inc	47,300	1,661	1,709
Nuance Communications Inc	361,560	5,638	7,763
ON Semiconductor Corp	655,040	5,230	6,858
Polycom Inc	53,540	2,677	3,443
SAIC INC	197,700	3,344	3,325
Syntel Inc	85,590	4,147	5,060
Tech Data Corporation	82,200	3,438	4,019
Teradyne Inc	219,850	3,260	3,254
THQ Inc	365,600	1,669	1,323
United Online Inc	450,200	2,771	2,715
VeriSign Inc	160,680	4,645	5,376
<i>Total Technology - 17.9%</i>		108,568	131,037
<i>Utilities</i>			
Alliant Energy Corp	123,100	4,015	5,005
American Water Works Co Inc	158,800	3,798	4,677
El Paso Electric Company	120,200	2,812	3,882
Great Plains Energy Inc	206,500	3,819	4,281
GT Solar International Inc	133,000	759	2,155
NV Energy Inc	125,500	1,937	1,926
OGE Energy Corp	57,900	1,941	2,914
Pepco Holdings	79,700	1,549	1,565
Pinnacle West Capital Corp	92,700	3,924	4,133
PNM Resources	184,400	2,318	3,087
Portland General Electric Co	162,000	3,265	4,097
<i>Total Utilities - 5.1%</i>		30,137	37,722
Total Equity Securities - 98.3%		592,607	720,915
Short-term Issues			
Dreyfus Cash Management Institutional Fund - 2.2%	15,799,851	15,800	15,800
Total Investment Securities - 100.5%		\$ 608,407	\$ 736,715

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

<u>Security Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Collateral for Securities Loaned</u>			
BNY Mellon Securities Lending Overnight Fund		\$ 165,176	\$ 165,176
Mellon SL DBT II Liquidating Fund		907	881
Mellon GSL DBT II Liquidating Trust		2,131	-
Total Collateral for Securities Loaned		<u>\$ 168,214</u>	<u>\$ 166,057</u>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Dividends, net of foreign withholding taxes	\$ 9,090
Securities lending income	286
Securities lending borrower premiums	16
Net shareholder litigation proceeds	321
Commission recapture	49
Other income	<u>708</u>

Total investment income 10,470

Expenses

Investment advisor fees	(1,448)
Trustee fees	(2)
Custodian bank fees	(29)
Management fees	(176)
Fiduciary bond fees	(2)
Professional service fees	(34)
Securities lending agent fees	<u>(60)</u>

Total expenses (1,751)

Investment income, net 8,719

Realized and unrealized gain from investments

Net realized gain from investments	88,100
Net increase in the fair value of investments	<u>119,926</u>

Net gain from investments 208,026

Net increase in net assets from operations \$ 216,745

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Assets
Year Ended June 30, 2011
(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 8,719
Net realized gain from investments	88,100
Net increase in the fair value of investments	<u>119,926</u>

Net increase in net assets from operations 216,745

Unit transactions

Proceeds from sale of units	279,982
Amount paid for repurchase of units	<u>(121,150)</u>

Net increase in net assets from unit transactions 158,832

Increase in net assets 375,577

Net assets, beginning of period 357,546

Net assets, end of period \$ 733,123

Unit data

Units sold	18,913,433
Units repurchased	<u>(7,661,440)</u>

Net increase in units 11,251,993

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment-related operations of the IMB's Non-Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool invests in the equities of small- to mid-sized companies and its objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets are managed by Aronson + Johnson + Ortiz, LP and Westfield Capital Management.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in equity securities are carried at fair value, which is determined by a third party pricing service based on quoted market prices. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value of the securities loaned. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, consisting of the Mellon SL DBT II Liquidating Fund and the Mellon GSL DBT II Liquidating Trust (Liquidating Trust). Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds equity securities of U.S. companies and money market funds with the highest credit rating. These types of securities are not exposed to credit risk, interest rate risk, custodial credit risk, or foreign currency risk. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund. At June 30, 2011, the Pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the Pool and is not exposed to concentration of credit risk.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Equity securities	\$ 720,915	\$ -	\$ -	\$ 720,915
Regulated investment companies	-	15,800	-	15,800
Securities lending collateral funds	-	166,057	-	166,057
Total	\$ 720,915	\$ 181,857	\$ -	\$ 902,772

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$	168,554			
Initial collateral received:		Cost	Fair Value	Unrealized Loss	
Cash	\$	168,214	\$ 166,057	\$ (2,157)	
Non-cash		4,590	4,498	(92)	
Total	\$	<u>172,804</u>	<u>\$ 170,555</u>	<u>\$ (2,249)</u>	

The Liquidating Trust, referenced in Note 2, was created in October 2008 to account for certain securities issued by Sigma Finance, Inc. The IMB's balance in the Liquidating Trust for all IMB investment pools that participate in the securities lending program was \$10,974 of which \$2,247 was assigned to the Non-Large Cap Domestic Equity Pool. A loss reserve was established for the entire amount. Through June 30, 2011 the loss reserve has been adjusted to \$2,131 as a result of cash received in the Liquidating Trust. This \$2,131 is included in the unrealized loss reported in the above table.

In October 2008, the IMB suspended the distribution of any net securities lending income subject to final dissolution of the Liquidating Trust. For the period October 2008 through June 2011, the pool has recorded, but not distributed \$1,135 of net securities lending income.

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$	12.46
Income from investment operations:		
Net investment income		0.24
Net realized and unrealized gain on investment transactions		5.65
Total from investment operations		<u>5.89</u>
Net asset value at June 30, 2011	\$	<u>18.35</u>

Time-weighted Total Return * 47.3%

Supplemental Data:

Net assets, end of period	\$	733,123
Ratio to average net assets:		
Expenses **		0.29%
Net investment income **		1.49%
Portfolio turnover rate		98.86%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 8. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 317,860
Public Employees' Retirement System	286,555
State Police Death, Disability and Retirement Fund	31,093
Workers' Compensation Old Fund	24,554
Retiree Health Benefit Trust	20,080
Revenue Shortfall Reserve Fund - Part B	8,188
Judges' Retirement System	8,158
Deputy Sheriff's Retirement System	7,329
Coal Workers' Pneumoconiosis Fund	6,895
Prepaid Tuition Trust Fund	6,079
State Police Retirement System	4,525
Board of Risk and Insurance Management	3,667
Wildlife Endowment Fund	2,649
Public Employees' Insurance Agency	2,284
Emergency Medical Services Retirement System	2,173
WV Department of Environmental Protection Trust	542
Workers' Compensation Self-Insured Guaranty Risk Pool	249
Workers' Compensation Uninsured Employers Fund	243
Total	<u>\$ 733,123</u>

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

International Qualified Pool

International Qualified Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) International Qualified Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Qualified Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

International Qualified Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	883,266
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Liabilities

Accrued expenses		<u>403</u>
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Net assets	\$	<u>882,863</u>
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Analysis of net assets

Paid-in capital	\$	379,484
Accumulated undistributed net investment loss		(27,200)
Accumulated undistributed net realized gain from investments		23,687
Unrealized net appreciation of investments		<u>506,892</u>

Net assets	\$	<u>882,863</u>
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Unit data

Units outstanding		20,618,350
Net asset value, unit price	\$	<u>42.82</u>

See accompanying notes to financial statements.

International Qualified Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<u>Investments in Other Funds</u>			
Silchester International Investors' Value Equity Group Trust	12,220,430	\$ 376,374	\$ 883,266
Investment Objective - To achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States.			
Redemption Provisions - Monthly on the first business day.			
No underlying investments exceed 5% of net assets of the International Qualified Pool.			
Total Investments in Other Funds - 100.0%		<u>\$ 376,374</u>	<u>\$ 883,266</u>

The Silchester International Investors' Value Equity Group Trust had investments in the following countries at June 30, 2011.

	<u>Percent of Market Value</u>
Japan	24.8 %
Great Britain	17.4
Switzerland	14.3
France	8.8
Netherlands	5.3
Hong Kong	5.0
South Korea	4.5
Singapore	4.5
Taiwan	2.6
Thailand	2.3
Greece	1.6
Belgium	1.5
Mexico	1.4
Italy	1.2
Spain	1.0
Portugal	1.0
Finland	0.8
Germany	0.8
Malaysia	0.5
Denmark	0.3
Austria	0.3
Sweden	0.1
Total	<u>100.0 %</u>

See accompanying notes to financial statements.

International Qualified Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income	\$	-
Expenses		
Investment advisor fees		(4,274)
Trustee fees		(3)
Management fees		(257)
Fiduciary bond fees		(3)
Professional service fees		<u>(49)</u>
	Total expenses	<u>(4,586)</u>
	Investment loss, net	(4,586)
Realized and unrealized gain from investments		
Net realized gain from investments		2,232
Net increase in the fair value of investments		<u>189,517</u>
	Net gain from investments	<u>191,749</u>
	Net increase in net assets from operations	<u>\$ 187,163</u>

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$ (4,586)
Net realized gain from investments	2,232
Net increase in the fair value of investments	<u>189,517</u>

Net increase in net assets from operations 187,163

Unit transactions

Proceeds from sale of units	5,259
Amount paid for repurchase of units	<u>(4,941)</u>

Net increase in net assets from unit transactions 318

Increase in net assets 187,481

Net assets, beginning of period 695,382

Net assets, end of period \$ 882,863

Unit data

Units sold	140,934
Units repurchased	<u>(132,806)</u>

Net increase in units 8,128

See accompanying notes to financial statements.

International Qualified Pool

Statement of Cash Flows
Year Ended June 30, 2011
(Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$ 187,163
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Proceeds from disposition of investment securities	4,195
Increase in accrued expenses	73
Net realized gain from investments	(2,232)
Net increase in the fair value of investments	<u>(189,517)</u>
Net cash used in operating activities	(318)

Cash flows from financing activities

Proceeds from units sold	5,259
Paid for repurchase of units	<u>(4,941)</u>
Net cash provided by financing activities	<u>318</u>

Net change in cash -

Cash

Beginning balance	<u>-</u>
Ending balance	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

International Qualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

Funds are invested in Silchester International Investors' Value Equity Group Trust. The Pool is expected to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East (EAFE) index by 200 basis points on an annualized basis over three to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in other funds are valued at the reported net asset values of the individual funds, provided by the fund's management, as a practical expedient for measuring fair value.

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2011, was \$883,266. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2011 the IMB was in compliance with this limitation. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

International Qualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in other funds	\$ -	\$ 883,266	\$ -	\$ 883,266

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$ 33.74
Income from investment operations:	
Net investment loss	(0.22)
Net realized and unrealized gain on investment transactions	9.30
Total from investment operations	9.08
Net asset value at June 30, 2011	\$ 42.82

Time-weighted Total Return * 26.9%

Supplemental Data:

Net assets, end of period	\$ 882,863
Ratio to average net assets:	
Expenses **	0.56%
Net investment income **	-0.56%
Portfolio turnover rate	0.00%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 423,508
Public Employees' Retirement System	387,425
State Police Death, Disability and Retirement Fund	42,233
Judges' Retirement System	11,000
Deputy Sheriff's Retirement System	9,955
State Police Retirement System	6,010
Emergency Medical Services Retirement System	2,732
Total	<u>\$ 882,863</u>

NOTE 8. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

International Nonqualified Pool

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International Nonqualified Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) International Nonqualified Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Nonqualified Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

International Nonqualified Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	68,084
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Liabilities

Accrued expenses		<u>2</u>
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Net assets	\$	<u>68,082</u>
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Net assets

Paid-in capital	\$	13,655
Accumulated undistributed net investment loss		(3,494)
Accumulated undistributed net realized gain from investments		27,824
Unrealized net appreciation of investments		<u>30,097</u>

Net assets	\$	<u>68,082</u>
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Unit data

Units outstanding		1,708,633
Net asset value, unit price	\$	<u>39.85</u>

See accompanying notes to financial statements.

International Nonqualified Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<u>Investments in Other Funds</u>			
Silchester International Investors' Value Equity Trust	894,971	\$ 37,987	\$ 68,084
Investment Objective - To achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States.			
Redemption Provisions - Monthly on the first business day.			
No underlying investments exceed 5% of net assets of the International Nonqualified Pool.			
Total Investments in Other Funds - 100.0%		\$ 37,987	\$ 68,084

The Silchester International Investors' Value Equity Trust had investments in the following countries at June 30, 2011.

	Percent of Market Value
Japan	24.8 %
Great Britain	17.5
Switzerland	14.3
France	8.8
Netherlands	5.3
Hong Kong	5.0
South Korea	4.5
Singapore	4.5
Taiwan	2.6
Thailand	2.3
Greece	1.5
Belgium	1.5
Mexico	1.4
Italy	1.2
Spain	1.0
Portugal	1.0
Finland	0.8
Germany	0.8
Malaysia	0.5
Denmark	0.3
Austria	0.3
Sweden	0.1
Total	100.0 %

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income	\$	-
Expenses		
Investment advisor fees		(473)
Management fees		(20)
Professional service fees		<u>(4)</u>
	Total expenses	<u>(497)</u>
	Investment loss, net	(497)
Realized and unrealized gain from investments		
Net realized gain from investments		188
Net increase in the fair value of investments		<u>14,572</u>
	Net gain from investments	<u>14,760</u>
	Net increase in net assets from operations	<u>\$ 14,263</u>

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$	(497)
Net realized gain from investments		188
Net increase in the fair value of investments		<u>14,572</u>

Net increase in net assets from operations 14,263

Unit transactions

Proceeds from sale of units		12,358
Amount paid for repurchase of units		<u>(12,334)</u>

Net increase in net assets from unit transactions 24

Increase in net assets 14,287

Net assets, beginning of period 53,795

Net assets, end of period \$ 68,082

Unit data

Units sold		340,061
Units repurchased		<u>(339,387)</u>

Net increase in units 674

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Cash Flows
Year Ended June 30, 2011
(Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$	14,263
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Proceeds from disposition of investment securities		473
Net realized gain from investments		(188)
Net increase in the fair value of investments		<u>(14,572)</u>
Net cash used in operating activities		(24)

Cash flows from financing activities

Proceeds from units sold		12,358
Paid for repurchase of units		<u>(12,334)</u>
Net cash provided by financing activities		<u>24</u>

Net change in cash -

Cash

Beginning balance		-
Ending balance	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

Funds are invested in Silchester International Investors' Value Equity Trust. The Pool is expected to produce investment returns that exceed the Morgan Stanley Capital International's EAFE index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in other funds are valued at the reported net asset values of the individual funds, provided by the fund's management, as a practical expedient for measuring fair value.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2011, was \$68,084. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2011 the IMB was in compliance with this limitation. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in other funds	\$ -	\$ 68,084	\$ -	\$ 68,084

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$ 31.50
Income from investment operations:	
Net investment loss	(0.29)
Net realized and unrealized gain on investment transactions	8.64
Total from investment operations	8.35
Net asset value at June 30, 2011	\$ 39.85

Time-weighted Total Return * 26.5%

Supplemental Data:

Net assets, end of period	\$ 68,082
Ratio to average net assets:	
Expenses **	0.79%
Net investment income **	-0.79%
Portfolio turnover rate	0.00%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 18,982
Retiree Health Benefit Trust	11,593
Revenue Shortfall Reserve Fund - Part B	10,707
Coal Workers' Pneumoconiosis Fund	9,058
Prepaid Tuition Trust Fund	5,257
Board of Risk and Insurance Management	4,781
Wildlife Endowment Fund	3,483
Public Employees' Insurance Agency	2,993
WV Department of Environmental Protection Trust	581
Workers' Compensation Uninsured Employers Fund	325
Workers' Compensation Self-Insured Guaranty Risk Pool	322
Total	<u>\$ 68,082</u>

NOTE 8. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

International Equity Pool

E

International Equity Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board (WVIMB) International Equity Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board International Equity Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

International Equity Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	1,837,614
Collateral for securities loaned at fair value (Note 6)		173,108
Cash denominated in foreign currencies (cost \$11,237)		11,337
Receivables:		
Investments sold		7,059
Dividends		7,381
Securities lending income		119
Foreign tax withholding		1,342
Unrealized gain on foreign currency forward contracts (Note 7)		<u>28</u>
Total assets		2,037,988

Liabilities

Cash overdraft		336
Accrued expenses		1,717
Payable for investments purchased		12,836
Payable upon return of securities loaned (Note 6)		176,440
Unrealized loss on foreign currency forward contracts (Note 7)		<u>14</u>
Total liabilities		<u>191,343</u>
Net assets	\$	<u><u>1,846,645</u></u>

Analysis of net assets

Paid-in capital	\$	914,190
Accumulated undistributed net investment income		268,689
Accumulated undistributed net realized gain from investments		342,584
Accumulated undistributed net realized gain from foreign currency transactions		91,789
Unrealized net appreciation of investments		137,900
Unrealized net appreciation on translation of assets and liabilities in foreign currencies		<u>91,493</u>
Net assets	\$	<u><u>1,846,645</u></u>

Unit data

Units outstanding		78,477,667
Net asset value, unit price	\$	<u><u>23.53</u></u>

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Equity Securities			
<i>Argentina</i>			
Grupo Clarin-GDR CL B Reg S	282,899	\$ 1,534	\$ 2,546
Nortel Inversora SA	123,040	2,538	3,521
<i>Total Argentina - 0.3%</i>		4,072	6,067
<i>Australia</i>			
BlueScope Steel Ltd	1,549,600	4,967	1,999
Caltex Australia Ltd	415,600	4,159	5,233
Downer EDI Ltd	720,314	2,422	2,853
DUET Group	1,031,373	1,409	1,877
Goodman Fielder Ltd	2,216,200	3,417	2,515
John Fairfax Holdings Ltd	1,533,841	2,280	1,609
Medusa Mining Ltd	331,263	2,174	2,337
Metcash Ltd	1,012,200	3,838	4,497
Mount Gibson Iron Limited	890,136	1,536	1,753
National Australia Bank Ltd	304,100	8,568	8,341
OneSteel Ltd	2,545,600	6,194	5,042
Rio Tinto Ltd	133,800	11,080	11,888
Southern Cross Media Group	285,367	940	474
Telstra Corporation Ltd	1,738,800	5,111	5,380
Wotif.com Holdings Ltd	380,135	1,613	1,909
<i>Total Australia - 3.1%</i>		59,708	57,707
<i>Austria</i>			
OMV AG	180,200	7,652	7,871
Voestalpine AG	63,400	2,580	3,499
<i>Total Austria - 0.6%</i>		10,232	11,370
<i>Belgium</i>			
Barco NV	22,300	1,603	1,652
Delhaize Le Lion SA	65,100	4,658	4,880
D'Ieteren SA NV	29,734	1,431	2,032
KBC Groep NV	113,900	5,008	4,475
Tessenderlo Chemie NV	65,300	2,990	2,814
<i>Total Belgium - 0.9%</i>		15,690	15,853
<i>Bermuda</i>			
China Green Holdings Ltd	1,733,000	1,586	1,105
China Yuchai International Ltd	95,657	1,694	2,018
Credicorp Ltd	20,000	1,711	1,722
Dickson Concepts Ltd	1,628,500	1,191	1,268
First Pacific Company Ltd	12,366,314	5,010	11,045
Haier Electronics Group	1,530,000	1,690	1,899
Hiscox Ltd	489,400	2,239	3,291
Man Wah Holdings Limited	935,319	1,406	975
Peoples Food Holdings Ltd	12,701,000	9,798	7,863
Stolt-Nielsen Ltd	96,500	-	2,212
Varitronix International Ltd	783,000	784	507
Yue Yuen Industrial Holdings	1,489,000	2,841	4,727
<i>Total Bermuda - 2.1%</i>		29,950	38,632
<i>Brazil</i>			
Banco Bradesco SA	218,900	4,227	4,485
Banco do Brasil SA	538,561	7,353	9,653
Banco do Estado do Rio Grande	705,400	5,052	8,082
Banco Santander Brasil SA	1,067,350	13,005	12,499
Brasil Telecom SA	401,924	10,442	8,918
Centrais Eletricas Brasileiras - ADR	907,520	10,352	12,252
Centrais Eletricas Brasileiras	383,500	4,038	6,476
CETIP	157,900	2,473	2,441
Cetrais Elect de Santa Catarina	155,600	4,108	4,076
CIA Paranaense De Energia	198,080	2,402	4,818
Companhia de Bebidas das Amer	95,300	2,965	3,214
Companhia de Saneamento	481,655	6,822	14,330

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Companhia Energetica do Ceara	281,750	4,773	5,807
Ecorodovias Infra E Log	258,400	2,128	2,241
Eletropaulo Metropolitana SA	134,600	-	2,917
Embraer SA	247,508	4,886	7,618
Gerdau SA	85,900	856	904
JBS SA - Rights	2,817	-	-
Localiza Rent A Car	156,700	2,597	2,798
Marcopolo SA	410,700	1,749	1,840
Marfrig Frigorificos e Comerci	1,454,185	11,850	14,335
OGX Petroleo e Gas Participac	202,100	1,809	1,887
PDG Realty SA	380,100	2,178	2,139
Petroleo Brasileiro SA - ADR	420,102	15,485	13,132
Petroleo Brasileiro SA	628,300	9,234	9,540
Redecard SA	215,293	2,356	3,241
Tele Norte Leste Participacoes	321,447	5,052	5,586
Telecomunicacoes de Sao Paulo	316,589	2,915	9,403
Tim Participacoes SA	110,374	2,117	5,432
Tractebel Energia SA	91,300	1,556	1,607
Vale SA - ADR	162,900	4,864	5,205
Vale SA	179,500	5,009	5,129
Viver Incorporadora e Construr	2,577,740	4,582	4,241
<i>Total Brazil - 10.6%</i>		159,235	196,246
<i>Canada</i>			
Alimentation Couche-Tard Inc	290,000	4,109	8,450
ATCO Ltd	11,600	346	751
BCE Inc	56,741	1,581	2,224
Canadian Imperial Bank	99,300	6,267	7,835
Celestica Inc	597,200	3,867	5,229
Gneworth MI Canada Inc	89,100	2,443	2,344
Laurentian Bank of Canada	83,174	2,496	3,840
Lundin Mining Corporation	798,300	2,844	6,121
Magna International Inc	80,900	4,237	4,372
Metro Inc	114,900	4,758	5,713
National Bank of Canada	153,700	6,813	12,457
Pacific Rubiales Energy Corp	43,600	1,189	1,168
Teck Corporation	187,800	6,177	9,539
Transcontinental Inc	239,200	3,637	3,604
<i>Total Canada - 4.0%</i>		50,764	73,647
<i>Cayman Islands</i>			
Baidu Inc	15,800	1,859	2,214
Belle International Holdings	939,500	1,759	1,980
Chaoda Modern Agricultures Ltd	23,777,636	16,827	10,328
China Lumena New Material Corp	2,754,000	1,406	1,108
CST Mining Group Ltd	57,528,000	1,681	1,538
Daphne International Holdings	2,536,000	2,351	2,262
Hengdeli Holdings Ltd	4,356,000	2,285	2,301
Kingboard Chemical Holdings	447,500	2,100	2,070
Kingboard Laminates Holding	3,250,500	2,844	2,552
New World Department Store	2,044,000	1,951	1,608
Real Nutriceutical Group	2,925,611	2,465	1,921
SITC International Holdings	2,958,000	1,637	1,593
Tencent Holdings Ltd	89,400	2,205	2,427
TPK Holdings Co Ltd	92,000	2,811	2,803
VST Holdings Limited	4,214,000	1,455	931
<i>Total Cayman Islands - 2.0%</i>		45,636	37,636
<i>China</i>			
Bank of China Ltd	19,058,000	6,227	9,283
China Construction Bank Corp	5,745,100	4,886	4,762
China South Locomotive	1,422,000	1,381	1,336
Chongqing Machinery & Electric	224,000	67	72
Great Wall Motor Company Ltd	5,357,499	4,414	8,813
Sichuan Xinhua Winshare	6,391,000	1,553	3,466

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Sinotrans Ltd	35,607,000	6,371	8,420
ZTE Corporation	3,740	12	14
<i>Total China - 2.0%</i>		24,911	36,166
<i>Czech Republic</i>			
Telefonica O2 Czech Republic - 0.8%	572,220	13,272	14,883
<i>Denmark</i>			
D/S Norden A/S	40,592	1,654	1,397
Danske Bank A/S	144,600	3,042	2,677
DSV A/S	118,541	2,541	2,841
SimCorp A/S	11,569	1,354	2,282
<i>Total Denmark - 0.5%</i>		8,591	9,197
<i>Finland</i>			
Huhtamaki	224,400	2,469	2,866
Outokumpu Technology	42,521	2,003	2,417
TietoEnator Oyj	171,000	4,238	2,893
<i>Total Finland - 0.4%</i>		8,710	8,176
<i>France</i>			
Altran Technologies SA	252,756	1,943	2,044
Axa	259,700	7,310	5,900
BNP Paribas	111,600	8,205	8,613
Casino Guichard Perrachon SA	8,000	593	754
Compagnie Generale de Geophy	55,472	1,826	2,043
Credit Agricole SA	510,196	3,980	7,671
France Telecom SA	210,000	6,791	4,465
Ingenico SA	40,759	1,799	1,987
Medica	67,873	1,253	1,453
Rallye SA	35,300	2,308	1,466
Rhodia SA	90,851	1,875	4,120
Sanofi-Synthelabo SA	171,425	11,563	13,779
SCOR SE	220,917	5,477	6,278
SEB SA	22,599	2,222	2,367
Teleperformance	71,703	2,672	2,107
Total SA	232,600	14,724	13,449
Virbac SA	14,029	1,089	2,398
Vivendi Universal	284,900	9,739	7,920
Wendel	21,662	2,118	2,663
<i>Total France - 5.0%</i>		87,487	91,477
<i>Germany</i>			
ADVA AG Optical Networking	172,710	1,391	1,058
Allianz AG	67,400	9,038	9,413
BASF AG	100,500	4,292	9,846
Deutsche Bank AG	81,700	7,346	4,827
E.On AG	204,500	6,200	5,807
Fuchs Petrolub AG	61,575	1,305	3,427
GEA Group AG	77,060	1,661	2,758
Kloeckner & Company AG	73,034	2,525	2,198
Krones AG	24,589	1,195	2,081
Muenchener Rueckversicherungs	51,800	8,810	7,920
Pfeiffer Vacuum Technology AG	18,462	1,014	2,315
RWE AG	83,300	6,579	4,618
SGL Carbon AG	40,972	1,347	2,317
Symrise AG	80,937	1,968	2,579
ThyssenKrupp AG	146,200	3,770	7,596
TUI AG	280,811	2,815	3,045
Wirecard AG	150,787	2,078	2,694
<i>Total Germany - 4.0%</i>		63,334	74,499
<i>Greece</i>			
Alapis Holding Ind & Commer	46,477	1,132	32
Alpha Bank AE	361,561	4,630	1,819

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Hellenic Petroleum SA	43,638	608	412
<i>Total Greece - 0.1%</i>		6,370	2,263
<i>Hong Kong</i>			
BYD Electronics International	2,654,000	1,820	1,126
China Merchants Bank	1,464,703	3,418	3,539
China Mobile (Hong Kong) Ltd	768,500	6,990	7,111
China Pet & Chem Cor (Sinopec)	8,680,000	7,227	8,734
China Resources Power	5,970,500	10,762	11,648
CNOOC Ltd	2,168,000	4,964	5,060
Erste Group Bank AG	268,167	11,163	14,055
Galaxy Entertainment Group	873,000	1,626	1,867
Harbin Power Equipment Company	2,702,000	3,273	3,084
Jiangxi Copper Company Ltd	617,000	1,937	2,050
Weiqiao Textile Company Ltd	12,431,908	15,893	9,346
Wharf Hldgs Ltd	219,000	1,456	1,521
<i>Total Hong Kong - 3.7%</i>		70,529	69,141
<i>Hungary</i>			
Magyar Telekom	3,424,860	14,751	11,015
OTP Bank Nyrt	82,200	2,544	2,677
<i>Total Hungary - 0.7%</i>		17,295	13,692
<i>India</i>			
Dr. Reddy's Laboratories	60,600	2,086	2,080
Grasim Industries Limited	49,905	2,816	2,328
HDFC Bank Ltd	18,700	2,977	3,298
Indiabulls Financial Services	1,075,300	3,920	3,876
Indiabulls Real Estate Ltd	3,112	6	6
McLeod Russel India Ltd	346,493	2,094	2,090
Patni Computer Systems Ltd	84,470	1,770	1,233
Reliance Infrastructure Ltd	804,185	9,849	9,625
Tata Motors Ltd	217,500	5,723	4,896
<i>Total India - 1.6%</i>		31,241	29,432
<i>Indonesia</i>			
Bank Rakyat Indonesia	3,058,000	2,202	2,318
Salim Ivomas Pratama TBK PT	148,396	20	20
Semen Gresik (Persero) TBK	2,102,400	2,320	2,354
United Tractors TBK	1,011,587	2,695	2,937
<i>Total Indonesia - 0.4%</i>		7,237	7,629
<i>Ireland</i>			
Charter International PLC	141,528	872	1,800
Irish Life & Permanent Group	398,100	6,377	16
Total Produce PLC	82,700	92	46
<i>Total Ireland - 0.1%</i>		7,341	1,862
<i>Israel</i>			
Bank Leumi Le-Israel	976,800	3,242	4,593
Bezeq Israeli Telecommunicatio	795,078	1,163	2,004
Israel Discount Bank	1,644,552	3,628	3,229
Partner Communications Company	472,472	8,118	7,124
Syneron Medical Ltd	259,721	2,711	3,150
<i>Total Israel - 1.1%</i>		18,862	20,100
<i>Italy</i>			
Amplifon SpA	251,685	1,177	1,567
Enel SpA	1,044,300	5,684	6,819
ENI SpA	424,300	11,514	10,033
Finmeccanica SpA	276,900	4,130	3,350
Piaggio & C SPA	743,774	2,413	3,114
Pirelli & Company SpA	366,068	2,382	3,954
Prysmian SpA	63,329	1,020	1,274
Safilo Group SPA	105,938	1,906	1,683

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Sorin SPA	814,494	1,652	2,307
<i>Total Italy - 1.8%</i>		31,878	34,101
<i>Japan</i>			
Aeon Delight Company Ltd	95,951	1,629	1,924
Akebono Brake Industry Co Ltd	256,748	1,429	1,415
Brother Industries Ltd	227,200	3,214	3,334
Century Leasing System Inc	214,200	2,725	3,835
Circle K Sunkus Company Ltd	111,900	1,592	1,736
Cocokara Fine Holdings Inc	2,600	65	66
Daiseki Company Ltd	114,300	2,352	2,300
DDI Corporation	900	4,328	6,430
Eizo Nannao Corporation	51,700	1,645	970
Elpida Memory Inc	149,800	2,154	1,744
GEO Corporation	1,800	1,846	2,229
Hajime Construction Co Ltd	71,900	2,099	1,879
Hanwa Company Ltd	600,000	3,094	2,637
Hitachi Capital Corporation	67,400	608	907
Hoshizaki Electric Company Ltd	91,596	1,375	2,019
Itochu Corp	499,000	3,527	5,147
Itochu Techno-Science Corp	116,100	3,618	4,093
Izumi Company Ltd	139,300	1,737	2,078
Japan Petroleum Exploration Co	30,800	1,317	1,436
JSR Corporation	171,686	2,915	3,299
JX Holdings Inc	958,421	6,146	6,397
Kanto Auto Works Ltd	100,800	1,408	917
Keihin Corporation	160,500	1,387	3,365
Keiyo Bank Ltd	312,007	1,518	1,561
Kobayashi Pharmaceutical Co	45,521	2,021	2,277
Konica Corporation	317,000	2,250	2,626
Kyowa Exeo Corporation	239,500	2,147	2,414
Marubeni Corporation	654,800	2,948	4,313
Matsumotokiyoshi Holdings Co	167,400	3,080	3,557
Miraca Holdings Inc	160,100	3,438	6,453
Mitsui & Company Ltd	349,800	5,982	5,995
Mizuho Financial Grp Inc	4,206,600	8,886	6,876
Musashi Seimitsu Industry Co	15,200	368	398
Nippon Telegraph & Telephone	188,900	8,428	9,040
Nipro Corporation	42,200	862	762
NTT DoCoMo	5,500	8,422	9,739
Pola Orbis Holdings Inc	88,900	2,019	2,322
Sankyo Company Ltd	48,400	2,199	2,484
Sapporo Hokuyo Holdings Inc	705,600	3,211	2,936
Sapporo Holdings Ltd	712,341	3,034	2,911
Seino Holdings Corporation Ltd	330,000	1,730	2,358
Shimadzu Corporation	284,000	2,395	2,581
Sumitomo Corporation	783,000	10,541	10,558
Sumitomo Heavy Industries	339,829	1,921	2,348
Sumitomo Mitsui Financial Grp	118,500	3,918	3,621
Sundrug Co Ltd	93,300	2,329	2,946
Takeda Pharmaceutical Co Ltd	102,800	4,623	4,729
THK Co Ltd	136,314	2,951	3,443
Tocalo Co Ltd	71,000	1,270	1,742
Tokai Tokyo Securities Co Ltd	89,000	341	268
Tokyo Tatemono Company Ltd	713,700	2,788	2,580
Toshiba Plant Sys & Ser Corp	268,695	3,052	3,154
Toyo Suisan Kaisha Ltd	250,000	5,194	5,882
Toyo Tanso Company Ltd	30,033	1,634	1,521
Tsumura & Company	68,534	2,066	2,181
United Urban Investment Corp	1,736	1,968	1,988
Yodogawa Steel Works Ltd	512,000	2,194	2,143
Yokogawa Electric Corp	325,200	2,554	2,750
Yokohama Rubber Company Ltd	433,000	2,232	2,477
<i>Total Japan - 10.1%</i>		168,724	186,091

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>Korea</i>			
BS Financial Group Inc	532,640	2,141	7,533
Celltrion Inc	53,374	2,009	2,210
Dongkuk Steel Mill Co Ltd	131,020	2,659	5,031
GS Holdings Corp	26,472	1,981	1,936
Halla Climate Control Corp	224,000	2,135	5,392
Hana Financial Group	81,100	3,350	2,833
Hyundai Mipo Dockyard Company	21,700	1,959	3,445
Hyundai Motor Co Ltd	16,173	3,385	3,590
Hyundai Motor Company	119,520	4,837	8,553
Industrial Bank of Korea (IBK)	305,000	5,052	5,328
KB Financial Group	298,946	13,135	14,171
Korea Electric Power Corp	333,948	9,158	8,868
Korea Exchange Bank	656,100	7,827	5,899
KT Corporation	87,400	4,009	3,332
LG Chemical Ltd	4,945	2,168	2,260
LG Household & Health Care Ltd	5,593	2,318	2,405
Lotte Chilsung Beverage Co	12,706	11,227	15,709
Lotte Confectionery Co Ltd	1,417	1,520	2,258
Pohang Iron & Steel Co Ltd	32,677	13,641	14,201
Samsung Electronics Co Ltd	6,057	4,579	4,686
Samsung Engineering Co	10,139	2,333	2,422
Samsung Heavy Industries	45,630	1,891	2,034
Shinhan Financial Group	101,730	3,962	4,850
SK Holdings Co Ltd	31,100	2,711	5,389
SK Telecom Company Ltd	21,139	3,649	3,198
<i>Total Korea - 7.4%</i>		113,636	137,533
<i>Luxembourg</i>			
Tenaris SA	47,100	2,106	2,154
Ternium	57,300	1,643	1,692
<i>Total Luxembourg - 0.2%</i>		3,749	3,846
<i>Malaysia</i>			
Axiata Group Berhad	1,004,200	1,670	1,666
Commerce Asset Hldg Berhad	511,200	1,439	1,512
Petronas Chemicals Group	740,800	1,712	1,739
Proton Holdings Berhad	1,654,500	2,423	1,814
RHB Capital Berhad	663,900	1,365	2,014
<i>Total Malaysia - 0.5%</i>		8,609	8,745
<i>Mauritius</i>			
Golden Agri-Resources Ltd - 0.1%	4,313,779	1,528	2,390
<i>Mexico</i>			
Alfa SA A Shares	707,700	4,201	10,498
America Movil	29,500	1,469	1,589
Cemex SAB de CV	1,671,177	12,971	14,372
Fibra Uno Administracion SA	2,975,660	4,811	5,100
Genomma Lab Internacional	1,038,200	2,555	2,642
Gruma SA	192,890	285	399
Grupo Financiero Banorte	580,800	2,600	2,640
Grupo Televisa MM	1,368,013	5,172	6,717
Grupo Televisa SA	92,300	2,112	2,271
Telefonos de Mexico SA - ADR	143,080	2,511	2,361
Telefonos de Mexico SA	3,197,900	2,681	2,645
<i>Total Mexico - 2.8%</i>		41,368	51,234
<i>Netherlands</i>			
Aegon NV	779,500	6,586	5,316
ASM International NV	66,440	1,251	2,621
Delta Lloyd NV	150,800	3,505	3,583
Fugro NV	26,844	1,164	1,935
Koninklijke (Royal) KPN NV	331,600	4,714	4,822
Koninklijke DSM NV	139,700	5,192	9,065

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Nutreco Holding NV	43,083	2,234	3,168
SNS REAL	373,935	1,974	1,669
<i>Total Netherlands - 1.7%</i>		26,620	32,179
<i>Norway</i>			
Cermaq ASA	13,511	214	217
DNB Holding ASA	230,200	3,057	3,226
Marine Harvest	2,440,966	1,881	1,968
StatoilHydro ASA	275,900	7,095	7,024
TGS Nopec Geophysical Company	115,687	1,125	3,262
Veidekke ASA	280,388	2,542	2,566
<i>Total Norway - 1.0%</i>		15,914	18,263
<i>Pakistan</i>			
Lucky Cement Ltd	1,233,039	955	1,016
Nishat Mills Ltd	1,831,640	2,114	1,073
<i>Total Pakistan - 0.1%</i>		3,069	2,089
<i>Panama</i>			
Banco Latinoamericano de Exp	604,261	9,560	10,466
Copa Holdings	44,800	2,908	2,990
<i>Total Panama - 0.7%</i>		12,468	13,456
<i>Philippines</i>			
First Philippine Holdings Corp	2,879,117	1,819	3,933
Metropolitan Bank & Trust Co	1,400,279	2,227	2,262
<i>Total Philippines - 0.3%</i>		4,046	6,195
<i>Poland</i>			
KGHM Polska Miedz	154,400	5,140	11,080
Telekomunikacja Polska SA	75,100	561	456
<i>Total Poland - 0.6%</i>		5,701	11,536
<i>Portugal</i>			
Banco Espirito Santo - 0.1%	675,000	3,718	2,515
<i>Russia</i>			
Gazprom	710,000	7,119	10,352
Lukoil	160,945	10,645	10,260
Magnit	59,500	1,816	1,868
MMC Norilsk Nickel	452,500	7,466	11,856
Mobile TeleSystems	174,000	2,216	3,309
NovaTek OAO	12,925	1,675	1,785
Sberbank	862,400	2,975	3,174
Territorial Generation Co-1	2,929,352,260	1,641	1,523
<i>Total Russia - 2.4%</i>		35,553	44,127
<i>Singapore</i>			
Flextronics International Ltd	1,545,070	6,765	9,919
Haw Par Corporation Ltd	532,000	2,330	2,600
Hong Leong Asia Ltd	1,164,000	2,220	2,152
Midas Holdings Ltd	3,501,000	2,031	1,854
MobileOne Ltd	2,173,379	2,455	4,479
<i>Total Singapore - 1.1%</i>		15,801	21,004
<i>South Africa</i>			
Astral Foods Ltd	161,900	2,256	3,057
Clicks Group Ltd	319,600	1,982	1,992
Exxaro Resources Ltd	82,624	2,009	2,175
FirstRand Ltd	992,100	2,836	2,905
Imperial Holdings Ltd	469,200	2,225	8,392
JD Group Ltd	297,371	1,805	1,852
Metropolitan Holdings Ltd	1,946,300	3,206	4,878
MTN Group Ltd	529,890	7,827	11,248
Nampak Ltd	1,627,100	3,444	5,436

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Naspers Ltd	48,500	2,575	2,733
<i>Total South Africa - 2.4%</i>		30,165	44,668
<i>Spain</i>			
Banco Santander Ctrl Hisp SA	763,400	8,451	8,814
Grifols SA	97,739	1,851	1,961
Obrascon Huarte Lain SA	46,787	1,443	1,787
Promotora de Informaciones SA	843,770	2,316	1,976
Repsol SA	282,500	8,211	9,805
Telefonica SA	332,800	7,121	8,135
Viscofan Sa	49,973	1,620	1,989
<i>Total Spain - 1.9%</i>		31,013	34,467
<i>Sweden</i>			
Alliance Oil Company Ltd	147,156	2,753	2,558
Boliden AB	577,000	8,085	10,680
Meda AB	244,221	1,930	2,663
NCC AB	212,300	3,788	4,841
<i>Total Sweden - 1.1%</i>		16,556	20,742
<i>Switzerland</i>			
Baloise Holding Ltd	73,300	4,946	7,552
BKW FMB Energie AG	22,010	1,566	1,354
Clariant AG	251,654	2,207	4,803
Credit Suisse Group	254,400	11,023	9,880
Informa PLC	493,802	2,117	3,426
Kuoni Reisen Holding AG	6,015	2,098	2,322
Novartis AG	210,300	7,746	12,863
Partners Group Holding AG	13,752	1,304	2,430
Roche Holding AG	78,600	11,321	13,134
Sulzer AG	15,262	1,742	2,480
Swiss Re Ltd	78,300	-	4,390
Zurich Financial Services AG	28,300	6,612	7,146
<i>Total Switzerland - 3.9%</i>		52,682	71,780
<i>Taiwan</i>			
Advanced Semiconductor Engr	275,690	136	302
Chinatrust Financial Holding	3,262,776	2,765	2,840
Compal Electronics Inc	3,745,938	3,510	4,591
Gigabyte Technology Company	2,968,000	2,206	3,327
HTC Corporation	88,000	3,032	2,960
Huaku Development Co Ltd	626,203	1,902	1,862
Largan Precision Co Ltd	60,000	1,895	1,922
Sino-American Silicon Products	297,000	973	979
Taiwan Prosperity Chemical	248,000	961	1,010
Taiwan Semiconductor	252,100	3,207	3,179
United Microelectronics Corp	9,926,000	4,423	4,924
<i>Total Taiwan - 1.5%</i>		25,010	27,896
<i>Thailand</i>			
Banpu Putlic Company Ltd	83,846	1,962	1,954
Kasikornbank Public Co Ltd	488,200	1,819	1,954
Krung Thai Bank Public Co Ltd	16,010,900	4,677	9,797
PTT PLC	192,826	2,080	2,102
<i>Total Thailand - 0.9%</i>		10,538	15,807
<i>Turkey</i>			
Ford Otomotiv Sanayi AS	159,600	1,240	1,371
Koza Altin Isletmeleri AS	119,500	1,689	1,604
Selcuk Exza Deposu Ticaret AS	3,454,524	4,463	4,616
Turkcell Iletisim Hizmet AS	347,886	2,283	1,868
Turkiye Sinai Kalkinma Bank	1,344,800	1,972	2,153
Turkiye Vakiflar Bankasi T-D	5,030,500	5,315	11,368
<i>Total Turkey - 1.2%</i>		16,962	22,980

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>United Arab Emirates</i>			
Air Arabia - 0.4%	44,831,120	9,221	8,092
<i>United Kingdom</i>			
AstraZeneca Group PLC	274,031	11,707	13,673
Aviva PLC	640,900	5,495	4,517
Barclays PLC	1,178,654	9,498	4,853
BBA Aviation PLC	618,388	1,849	2,159
BP Amoco PLC	1,343,900	12,578	9,896
British Aerospace PLC	1,491,800	7,408	7,628
BT Group PLC	3,044,100	8,784	9,848
Computacenter PLC	900,800	3,344	6,942
Cookson Group PLC	198,464	1,300	2,143
Daily Mail & General Trust PLC	226,744	1,174	1,691
Drax Group PLC	518,200	5,618	4,189
Enquest PLC	784,712	1,697	1,550
GlaxoSmithKline PLC	500,200	10,172	10,713
Greene King PLC	72,815	343	570
Homeserve PLC	251,240	1,775	2,029
Hunting PLC	161,476	1,314	1,983
IG Group Holdings PLC	293,389	1,159	2,056
International Personal Finance	476,610	1,808	2,815
J Sainsbury PLC	370,100	1,949	1,957
Legal & General Group PLC	2,319,500	4,876	4,402
Logica PLC	2,046,300	2,035	4,402
Marston's PLC	893,188	2,333	1,460
Meggitt PLC	498,237	1,008	3,052
Melrose PLC	534,659	1,772	3,107
Mitchells & Butlers PLC	438,276	2,370	2,216
Mondi PLC	260,651	2,448	2,597
Old Mutual PLC	2,141,000	4,842	4,585
Premier Farnell PLC	438,632	1,279	1,753
Premier Oil PLC	446,336	1,933	3,200
Royal & Sun Alliance Insurance	1,524,400	2,770	3,301
Royal Dutch Shell B Shares	689,200	19,372	24,608
RPS Group PLC	501,824	1,073	1,975
Spectris PLC	169,009	2,123	4,320
Spirax-Sarco Engineering	74,672	1,567	2,399
Spirent Commuicatio PLC	1,040,515	1,817	2,489
St. James Place PLC	338,923	930	1,850
Thomas Cook Group	959,500	3,433	2,049
Vodafone Group PLC	2,467,200	5,000	6,547
William Morrison Supermarkets	1,080,500	5,193	5,164
<i>Total United Kingdom - 10.0%</i>		157,146	176,688
<i>United States</i>			
Cognizant Tech Solutions A	30,900	2,090	2,266
CTC Media	99,700	2,021	2,126
First Cash Finl Svcs Inc	55,300	2,153	2,322
<i>Total United States - 0.4%</i>		6,264	6,714
Total Equities - 98.6%		1,588,406	1,820,813
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 0.9%	16,801,270	16,801	16,801
Total Investment Securities - 99.5%		\$ 1,605,207	\$ 1,837,614
<u>Collateral for Securities Loaned</u>			
BNY Mellon Securities Lending Overnight Fund		\$ 172,190	\$ 172,190
Mellon SL DBT II Liquidating Fund		945	918
Mellon GSL DBT II Liquidating Trust		3,305	-
Total Collateral for Securities Loaned		\$ 176,440	\$ 173,108

See accompanying notes to financial statements.

International Equity Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Dividends, net of foreign withholding taxes	\$ 58,397
Interest	1
Securities lending income	339
Securities lending borrower premiums	1,295
Shareholder litigation proceeds	135
Other income	353
Commission recapture	<u>2</u>
Total investment income	60,522

Expenses

Investment advisor fees	(9,922)
Trustee fees	(8)
Custodian bank fees	(902)
Management fees	(584)
Fiduciary bond fees	(8)
Professional service fees	(110)
Securities lending agent fees	<u>(326)</u>
Total expenses	<u>(11,860)</u>

Investment income, net 48,662

**Realized and unrealized gain from
investments and foreign currency**

Net realized gain from:	
Investments	139,003
Foreign currency transactions	34,857
Net increase in the fair value of:	
Investments	136,344
Translation of assets and liabilities in foreign currencies	<u>141,627</u>
Net gain from investments and foreign currency	<u>451,831</u>
Net increase in net assets from operations	<u><u>\$ 500,493</u></u>

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 48,662
Net realized gain from investments	139,003
Net realized gain from foreign currency transactions	34,857
Net increase in the fair value of investments	136,344
Net increase in the translation of assets and liabilities in foreign currencies	<u>141,627</u>
Net increase in net assets from operations	500,493

Unit transactions

Proceeds from sale of units	242,644
Amount paid for repurchase of units	<u>(404,774)</u>
Net decrease in net assets from unit transactions	<u>(162,130)</u>

Increase in net assets 338,363

Net assets, beginning of period 1,508,282

Net assets, end of period \$ 1,846,645

Unit data

Units sold	12,071,577
Units repurchased	<u>(18,623,551)</u>
Net decrease in units	<u><u>(6,551,974)</u></u>

See accompanying notes to financial statements.

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

This Pool invests in the equities of international companies. Assets are managed by Axiom International Investors, LLC, Brandes Investment Partners, LLC, LSV Asset Management, and Pictet Asset Management Limited. The objective of the Pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US index over three- to five-year periods.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in equity securities are carried at fair value, which is determined by a third party pricing service based on quoted market prices. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Futures contracts are valued at the last settlement price established each day by the exchange on which they are traded. Foreign currency forward contracts have relatively short durations and are valued at the prevailing market exchange rates at month end. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Bank of New York Mellon on the following basis:

- a. Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- b. Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

The IMB isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from market prices of securities held.

Reported net realized foreign exchange gains and losses arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities including investments in securities at month end, resulting from changes in the exchange rate.

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for international securities is secured by initial collateral of at least 105 percent of the market value of the securities loaned. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, consisting of the Mellon SL DBT II Liquidating Fund and the Mellon GSL DBT II Liquidating Trust (Liquidating Trust). Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index. The IMB records futures at fair market value as determined by the exchange on which they are traded. Gains or losses on open futures positions are unrealized. These gains or losses become realized when the position is closed.

Stock index futures may be used to provide immediate exposure to fluctuations in the market values of the stocks in the underlying index and to provide liquidity for cash flows.

The market risk associated with holding stock index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

Foreign Currency Forward Contracts - A foreign currency forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The managers enter into such contracts to hedge the assets and liabilities related to securities denominated in a foreign currency. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end. An unrealized gain or loss is recorded as the difference between the amount valued at month end and the amount to be received or paid at the expiration date. The unrealized gain or loss is reclassified to realized gain or loss when the contract expires.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

In certain foreign countries the Pool's dividend income and capital gains may be taxable. Such taxes are generally withheld from the payments of these types of income and as a result there is no provision recorded for these taxes. In certain cases there may be a full or partial reclaim available for the withheld taxes. The outstanding reclaims are reported on the Statement of Assets and Liabilities. Dividend income is reported net of withheld taxes on the Statement of Operations.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool is not exposed to credit risk, interest rate risk, or custodial credit risk. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund. At June 30, 2011, the

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the Pool. The Pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2011 the IMB was in compliance with this limitation. The amounts at fair value (in U.S. dollars) of the securities and cash denominated in foreign currencies as of June 30, 2011 are as follows:

Currency	Equity Securities	Cash	Total
Australian Dollar	\$ 57,707	\$ 4	\$ 57,711
Brazil Cruzeiros Real	113,185	3,157	116,342
British Pound Sterling	185,203	407	185,610
Canadian Dollar	73,646	1,172	74,818
Czech Koruna	14,883	-	14,883
Danish Krone	9,198	4	9,202
Egyptian Pound	-	1	1
Euro Currency Unit	321,019	(24)	320,995
Hong Kong Dollar	145,395	1,722	147,117
Hungarian Forint	13,693	6	13,699
Indian Rupee	15,598	2	15,600
Indonesian Rupian	7,629	15	7,644
Israeli Shekel	16,949	140	17,089
Japanese Yen	186,089	1,456	187,545
Malaysian Ringgit	8,745	57	8,802
Mexican New Peso	30,641	200	30,841
New Taiwan Dollar	27,520	232	27,752
New Turkish Lira	22,980	449	23,429
Norwegian Krone	20,476	100	20,576
Pakistan Rupee	2,089	-	2,089
Philippines Peso	6,195	2	6,197
Polish Zloty	11,535	7	11,542
Singapore Dollar	21,338	67	21,405
South African Rand	44,669	167	44,836
South Korean Won	134,565	1,474	136,039
Swedish Krona	20,743	52	20,795
Swiss Franc	68,353	40	68,393
Thailand Baht	15,808	428	16,236
UAE Dirham	8,092	-	8,092
Total	<u>\$ 1,603,943</u>	<u>\$ 11,337</u>	<u>\$ 1,615,280</u>

This table excludes cash and securities held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated cash and securities is \$233,335.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price). ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 1,820,813	\$ -	\$ -	\$ 1,820,813
Regulated investment companies	-	16,801	-	16,801
Foreign currency forward contracts	-	28	-	28
Securities lending collateral funds	-	173,108	-	173,108
Total	<u>\$ 1,820,813</u>	<u>\$ 189,937</u>	<u>\$ -</u>	<u>\$ 2,010,750</u>
<u>Liabilities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign currency forward contracts	\$ -	\$ (14)	\$ -	\$ (14)

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$	163,594			
Initial collateral received:		<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	
Cash	\$	176,440	\$ 173,108	\$ (3,332)	
Non-cash		-	-	-	
Total	\$	<u>176,440</u>	<u>\$ 173,108</u>	<u>\$ (3,332)</u>	

The Liquidating Trust, referenced in Note 2, was created in October 2008 to account for certain securities issued by Sigma Finance, Inc. The IMB's balance in the Liquidating Trust for all IMB investment pools that participate in the securities lending program was \$10,974 of which \$3,486 was assigned to the International Equity Pool. A loss reserve was established for the entire amount. Through June 30, 2011 the loss reserve has been adjusted to \$3,305 as a result of cash received in the Liquidating Trust. This \$3,305 is included in the unrealized loss reported in the above table.

In October 2008, the IMB suspended the distribution of any net securities lending income subject to final dissolution of the Liquidating Trust. For the period October 2008 through June 2011, the pool has recorded, but not distributed \$4,203 of net securities lending income.

NOTE 7. FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2011, open foreign currency forward contracts are as follows:

Position	Foreign Currency	Inception Date	Expiration Date	Receivable		Payable		Unrealized Gain (Loss)
				(in foreign currency)	(in U. S. dollars)	(in foreign currency)	(in U. S. dollars)	
Long	British Pound	6/28/2011	7/1/2011	417	\$ 669	\$ 666	\$ 3	
Long	British Pound	6/30/2011	7/1/2011	279	448	446	2	
Long	British Pound	6/30/2011	7/5/2011	203	326	326	-	
Long	Euro Currency	6/28/2011	7/1/2011	1,174	1,702	1,684	18	
Long	Euro Currency	6/29/2011	7/4/2011	1,005	1,457	1,452	5	
Long	Euro Currency	6/30/2011	7/1/2011	94	136	136	-	
Long	Euro Currency	6/30/2011	7/5/2011	114	165	165	-	
Long	Indonesian Rupiah	6/30/2011	7/1/2011	96,054	2,149	2,157	(8)	
Long	Japanese Yen	6/30/2011	7/4/2011	3,724	46	46	-	
Long	Japanese Yen	6/30/2011	7/5/2011	1,426	18	18	-	
Long	Norwegian Krone	6/29/2011	7/1/2011	601	112	112	-	
Short	Euro Currency	6/30/2011	7/1/2011		63	44	63	
Short	Euro Currency	6/30/2011	7/5/2011		749	518	751	
Short	Japanese Yen	6/29/2011	7/1/2011		49	3,984	49	
Short	Japanese Yen	6/30/2011	7/1/2011		21	1,733	21	
Short	Japanese Yen	6/30/2011	7/5/2011		116	9,366	116	
Short	Malaysian Ringgit	6/29/2011	7/1/2011		354	1,072	355	
Short	South African Rand	6/29/2011	7/5/2011		43	297	44	
Short	South African Rand	6/29/2011	7/6/2011		206	1,407	208	
				<u>\$ 8,829</u>		<u>\$ 8,815</u>	<u>\$ 14</u>	

The contracts listed above were initiated to correspond to transactions in securities trading in foreign currencies. The fair value, gains and losses, and risks are not material the Pool.

International Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 8. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2010	\$ 17.74
Income from investment operations:	
Net investment income	0.58
Net realized and unrealized gain on investment transactions	3.12
Net realized gain from foreign currency transactions	0.41
Net increase in the translation of assets and liabilities in foreign currencies	1.68
Total from investment operations	5.79
Net asset value at June 30, 2011	\$ 23.53
Time-weighted Total Return *	32.6%
Supplemental Data:	
Net assets, end of period	\$ 1,846,645
Ratio to average net assets:	
Expenses **	0.63%
Net investment income **	2.66%
Portfolio turnover rate	69.11%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

NOTE 9. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 796,380
Public Employees' Retirement System	705,905
State Police Death, Disability and Retirement Fund	77,543
Workers' Compensation Old Fund	75,727
Retiree Health Benefit Trust	65,772
Revenue Shortfall Reserve Fund - Part B	20,234
Judges' Retirement System	20,095
Deputy Sheriff's Retirement System	18,040
Coal Workers' Pneumoconiosis Fund	16,997
State Police Retirement System	11,230
Prepaid Tuition Trust Fund	9,985
Board of Risk and Insurance Management	9,091
Wildlife Endowment Fund	6,535
Public Employees' Insurance Agency	5,639
Emergency Medical Services Retirement System	5,103
WV Department of Environmental Protection Trust	1,127
Workers' Compensation Self-Insured Guaranty Risk Pool	645
Workers' Compensation Uninsured Employers Fund	597
Total	\$ 1,846,645

International Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 10. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Short-Term Fixed Income Pool

Short-Term Fixed Income Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board (WVIMB) Short-Term Fixed Income Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Short-Term Fixed Income Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Short-Term Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at amortized cost	\$	358,799
Accrued interest		<u>6</u>
Total assets		358,805

Liabilities

Accrued expenses		<u>35</u>
Net assets	\$	<u><u>358,770</u></u>

Analysis of net assets

Paid-in capital	\$	358,724
Accumulated undistributed net realized gain from investments		<u>46</u>
Net assets	\$	<u><u>358,770</u></u>

Unit data

Units outstanding		358,724,150
Net asset value, unit price	\$	<u><u>1.00</u></u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>U. S. Government Agency Issues</u>						
Federal Farm Credit Bank	0.080 %	0.070 %	08/26/2011	1,000	\$ 1,000	\$ 1,000
Federal Farm Credit Bank	0.230	0.200	07/23/2012	1,000	999	1,000
Federal Home Loan Bank	0.260	0.294	11/18/2011	1,500	1,500	1,499
Federal Home Loan Bank	0.320	0.365	12/09/2011	500	500	500
Federal Home Loan Bank	0.130	0.152	12/22/2011	1,000	1,000	1,000
Federal Home Loan Bank	0.140	0.158	01/17/2012	2,000	2,000	2,000
Federal Home Loan Bank	0.150	0.168	01/17/2012	2,000	2,000	2,000
Federal Home Loan Bank	0.120	0.149	01/30/2012	1,500	1,500	1,500
Total U. S. Government Agency Issues - 2.9%					10,499	10,499
<u>Short-term Issues</u>						
Alpine Securitization	0.000	0.132	07/12/2011	6,000	6,000	6,000
Atlantis One Funding	0.000	0.162	07/08/2011	7,000	7,000	7,000
Bank of Nova Scotia NY	0.000	0.193	07/07/2011	2,500	2,500	2,500
CAFCO LLC	0.000	0.122	07/11/2011	6,000	6,000	6,000
Charta LLC	0.000	0.183	08/25/2011	3,000	2,999	2,999
Deutsche Bank Finl LLC	0.000	0.345	09/02/2011	2,000	1,999	1,999
Fairway Finance Corporation	0.000	0.132	07/21/2011	4,000	4,000	4,000
Federal Home Loan Bank	0.000	0.020	07/08/2011	5,000	5,000	5,000
Federal Home Loan Bank	0.000	0.081	07/15/2011	6,000	6,000	6,000
Federal Home Loan Bank	0.000	0.054	07/27/2011	5,000	5,000	5,000
Federal Home Loan Bank	0.020	0.041	08/10/2011	19,400	19,397	19,397
Federal Home Loan Bank	0.000	0.066	08/12/2011	8,000	7,999	7,999
Federal Home Loan Bank	0.000	0.068	08/24/2011	10,300	10,297	10,297
Federal Home Loan Bank	0.000	0.030	08/26/2011	2,700	2,700	2,700
Federal Home Loan Bank	0.090	0.091	09/07/2011	8,000	7,999	8,000
Federal Home Loan Mort Corp	0.000	0.203	07/12/2011	2,000	2,000	2,000
Federal Home Loan Mort Corp	0.000	0.081	08/22/2011	7,000	6,999	6,999
Federal Home Loan Mort Corp	0.000	0.035	09/06/2011	4,075	4,075	4,075
Federal Home Loan Mort Corp	0.000	0.213	09/07/2011	1,000	1,000	1,000
Federal Home Loan Mort Corp	0.000	0.051	09/22/2011	17,000	16,998	16,998
Federal Home Loan Mort Corp	0.000	0.046	09/26/2011	11,000	10,999	10,999
Federal Home Loan Mort Corp	0.000	0.139	10/11/2011	3,000	2,999	2,999
Federal National Mortgage Assn	0.000	0.427	07/11/2011	1,000	1,000	1,000
Federal National Mortgage Assn	0.000	0.037	07/13/2011	5,000	5,000	5,000
Federal National Mortgage Assn	0.000	0.050	07/25/2011	6,400	6,400	6,400
Federal National Mortgage Assn	0.000	0.046	07/27/2011	8,000	8,000	8,000
Federal National Mortgage Assn	0.000	0.041	09/15/2011	11,000	10,999	10,999
Federal National Mortgage Assn	0.000	0.042	09/21/2011	8,000	7,999	7,999
Federal National Mortgage Assn	0.000	0.051	09/28/2011	20,000	19,998	19,998
ING Funding LLC	0.000	0.132	07/15/2011	3,000	3,000	3,000
Nordea NA Inc	0.000	0.315	09/06/2011	5,000	4,997	4,997
Repurchase Agreement	0.010	0.010	07/01/2011	68,362	68,362	68,362
Societe Generale NA	0.000	0.193	07/08/2011	6,000	6,000	6,000
UBS Finance Delaware LLC	0.000	0.096	08/10/2011	6,000	5,999	5,999
United States Treasury	0.010	0.008	07/07/2011	20,000	20,000	20,000
United States Treasury	0.000	0.036	07/14/2011	9,085	9,085	9,085
United States Treasury	0.000	0.076	07/21/2011	5,000	5,000	5,000
United States Treasury	0.000	0.005	07/28/2011	5,000	5,000	5,000
United States Treasury	0.000	0.013	09/22/2011	10,000	10,000	10,000
United States Treasury	1.000	0.264	09/30/2011	500	501	501
United States Treasury	0.000	0.071	12/22/2011	10,000	9,997	9,996
United States Treasury	0.880	0.366	02/29/2012	1,000	1,003	1,005
Total Short-Term Issues - 97.1%					348,300	348,302
Total Investment Securities - 100.0%					\$ 358,799	\$ 358,801

Short-Term Fixed Income Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Interest	\$	139
Net accretion		<u>313</u>
	Total investment income	452

Expenses

Investment advisor fees		(125)
Trustee fee		(1)
Custodian bank fees		(11)
Management fees		(61)
Fiduciary bond fees		(1)
Professional service fees		<u>(12)</u>
	Total expenses	<u>(211)</u>

Investment income, net 241

Net realized gain from investments 31

Net increase in net assets from operations \$ 272

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	241
Net realized gain from investments		<u>31</u>
Net increase in net assets from operations		272

Distributions to unitholders

Investment income, net		(241)
------------------------	--	-------

Unit transactions

Proceeds from sale of units		2,133,263
Reinvestment of distributions		<u>241</u>
		2,133,504
Amount paid for repurchase of units		<u>(2,065,161)</u>
Net increase in net assets from unit transactions		<u>68,343</u>

Increase in net assets 68,374

Net assets, beginning of period 290,396

Net assets, end of period \$ 358,770

Unit data

Units sold		2,133,263,617
Units issued from reinvestment of distributions		<u>240,678</u>
		2,133,504,295
Units repurchased		<u>(2,065,160,989)</u>
Net increase in units		<u><u>68,343,306</u></u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The main objective of the Pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisors, Inc. manages the Pool. The Pool's investment performance, net of external investment management fees, is expected to meet or exceed the Salomon ninety-day T-bill index plus fifteen basis points.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments are carried at amortized cost which approximates fair value. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value, regardless of any current disparity between the amortized cost value and market value, and would not ordinarily be expected to fluctuate significantly in value. A money market fund is permitted to value its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the computation of a share price that represents fairly the current net asset value per share of the fund. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Repurchase Agreements - In connection with transactions in repurchase agreements, it is the IMB's policy that its designated custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the IMB may be delayed or limited.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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.

Distributions to Participants - The net investment income of the Pool is declared as a dividend and distributed daily to the participants based upon their pro rata participation in the Pool. The distributions of net investment income are credited to the participants' accounts in the form of dividend reinvestments in the Pool and are presented first as distributions to participants, and then as reinvestment of distributions on the Statement of Changes in Net Assets. The Pool does not routinely distribute dividends of net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A1 by Standard & Poor's and P1 by Moody's. Additionally, the Pool must have at least 15 percent of its assets in United States Treasury issues.

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The following table provides information on the weighted average credit ratings of the Pool's investments as of June 30, 2011.

Security Type	Moody's	S&P	Carrying Value	Percent
Agency discount notes	P-1	A-1+	\$ 168,860	46.9%
Agency notes	Aaa	AAA	79,856	22.3
U.S. Treasury bills	Aaa	AAA	59,081	16.4
Commercial paper	P-1	A-1	50,493	14.0
U.S. Treasury notes	Aaa	AAA	1,504	0.4
Total rated investments			<u>\$ 359,794</u>	<u>100.0%</u>

This table includes securities received as collateral for repurchase agreements with a fair value of \$69,357 as compared to the amortized cost of the repurchase agreements of \$68,362.

Concentration of Credit Risk

West Virginia statutes prohibit the Pool from investing more than 5 percent of its assets in securities issued by a single private corporation or association. At June 30, 2011, the Pool did not have investments in any one private corporation or association that represented more than 5 percent of assets.

Custodial Credit Risk

At June 30, 2011, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the IMB. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The weighted average maturity of the investments of the Pool is not to exceed sixty days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the weighted average maturities (WAM) for the various asset types in the Short-Term pool as of June 30, 2011.

Security Type	Carrying Value	WAM (days)
Agency discount notes	\$ 168,860	59
Repurchase agreements	68,362	1
U.S. Treasury bills	59,081	52
Commercial paper	50,493	25
Agency notes	10,499	133
U.S. Treasury notes	1,504	194
Total assets	<u>\$ 358,799</u>	<u>47</u>

Foreign Currency Risk

The Pool has no securities that are subject to foreign currency risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between level 1 and level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Agency discount notes	\$ -	\$ 168,860	\$ -	\$ 168,860
Repurchase agreements	-	68,362	-	68,362
U.S. Treasury bills	-	59,081	-	59,081
Commercial paper	-	50,493	-	50,493
Agency notes	-	10,499	-	10,499
U.S. Treasury notes	-	1,504	-	1,504
Total	\$ -	\$ 358,799	\$ -	\$ 358,799

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2010	\$ 1.00
Income from investment operations:	
Net investment income*	-
Net realized gain (loss) on investment transactions*	-
Total from investment operations	-
Less distributions from net investment income*	-
Net asset value at June 30, 2011	<u>\$ 1.00</u>
Time-weighted Total Return **	0.1%
Supplemental Data:	
Net assets, end of period	\$ 358,770
Ratio to average net assets:	
Expenses ***	0.08%
Net investment income ***	0.09%
Portfolio turnover rate	N/A

* As percentage is less than 0.01, amount is rounded for reporting purposes

** Return data is net of fees for the full fiscal year

*** All ratios are for the fiscal year

NOTE 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 217,903
Workers' Compensation Old Fund	84,226
Public Employees' Retirement System	18,733
Coal Workers' Pneumoconiosis Fund	12,424
Public Employees' Insurance Agency	8,793
Board of Risk and Insurance Management	7,198
Revenue Shortfall Reserve Fund - Part B	1,462
Judges' Retirement System	1,417
State Police Death, Disability and Retirement Fund	1,309
State Police Retirement System	1,094
Prepaid Tuition Trust Fund	1,005
WV Department of Environmental Protection Trust	666
Deputy Sheriff's Retirement System	599
Workers' Compensation Self-Insured Guaranty Risk Pool	541
Workers' Compensation Uninsured Employers Fund	503
Emergency Medical Services Retirement System	449
Wildlife Endowment Fund	273
Retiree Health Benefit Trust	68
Municipal Police Officers and Firefighters Retirement System	61
Total	<u>\$ 358,724</u>

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 8. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Total Return Fixed Income Pool

Total Return Fixed Income Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board's (WVIMB) Total Return Fixed Income Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board's Total Return Fixed Income Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Total Return Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 2,341,491
Collateral for securities loaned at fair value (Note 7)	154,427
Cash	12,703
Cash denominated in foreign currencies (cost \$1,493)	1,568
Unrealized gain on futures contracts (Note 8)	1,448
Unrealized gain on foreign currency forward contracts (Note 10)	312
Receivables:	
Accrued interest	15,491
Dividends	16
Securities lending income	16
	<hr/>
Total assets	2,527,472

Liabilities

Accrued expenses	735
Dividends payable	7,011
Payable for investments purchased	18,122
Payable upon return of securities loaned (Note 7)	156,066
Unrealized loss on futures contracts (Note 8)	3,790
Unrealized loss on foreign currency forward contracts (Note 10)	583
Option contracts written	7,249
	<hr/>
Total liabilities	193,556
	<hr/>
Net assets	\$ 2,333,916

Analysis of net assets

Paid-in capital	\$ 1,873,724
Accumulated undistributed net investment income	649
Accumulated undistributed net realized gain from investments	336,065
Accumulated undistributed net realized gain from foreign currency transactions	14,369
Unrealized net appreciation of investments	109,049
Unrealized net appreciation on translation of assets and liabilities in foreign currencies	60
	<hr/>
Net assets	\$ 2,333,916

Unit data

Units outstanding	166,891,237
Net asset value, unit price	<hr/> <hr/> \$ 13.98

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value	
<u>Municipal Bonds</u>							
California	6.200 %	6.260 %	10/01/2019	2,250	\$ 2,241	\$ 2,469	
California	5.700	5.702	11/01/2021	1,190	1,190	1,252	
California	7.500	7.336	04/01/2034	16,575	16,863	18,746	
California	7.550	6.884	04/01/2039	9,340	10,105	10,688	
California	7.300	7.353	10/01/2039	2,155	2,141	2,389	
California	7.630	7.196	03/01/2040	1,600	1,683	1,842	
County of Carroll KY	0.180 A	1.019	10/01/2032	4,800	4,016	4,014	
Illinois State	5.370	5.365	03/01/2017	6,600	6,600	6,823	
Illinois State	5.670	5.665	03/01/2018	1,925	1,925	1,997	
Los Angeles Unified Sch Dist	6.760	6.390	07/01/2034	5,000	5,217	5,659	
New Jersey Turnpike Authority	7.100	7.021	01/01/2041	5,350	5,403	6,221	
Pennsylvania St Higher Ed Assn	0.220 A	0.553	05/01/2046	8,675	7,696	7,894	
Pennsylvania St Higher Ed Assn	0.350 A	0.635	05/01/2046	2,975	2,675	2,707	
Wake County Indl FACS-B-ARS	0.160 A	1.405	10/01/2022	6,700	5,836	5,829	
Wake County Indl FACS-D-ARS	0.210 A	1.525	10/01/2022	3,350	2,884	2,824	
Total Municipal Bonds - 3.5%						76,475	81,354
<u>U. S. Treasury Issues</u>							
United States Treasury	0.750	0.249	11/30/2011	44,000	44,091	44,118	
United States Treasury	1.000	0.250	04/30/2012	20,000	20,125	20,133	
United States Treasury	0.630	0.241	07/31/2012	18,000	18,074	18,074	
United States Treasury	0.750	0.808	03/31/2013	17,575	17,557	17,678	
United States Treasury	1.250	1.348	02/15/2014	1,310	1,307	1,329	
United States Treasury	1.250	0.860	04/15/2014	35,090	35,466	35,583	
United States Treasury	2.000	2.366	01/31/2016	730	718	744	
United States Treasury	1.750	1.673	05/31/2016	44,850	45,012	44,919	
United States Treasury	2.630	2.540	04/30/2018	20,520	20,629	20,777	
United States Treasury	2.380	2.286	05/31/2018	39,360	39,584	39,151	
United States Treasury	3.630	3.210	02/15/2021	75,050	77,600	78,257	
United States Treasury *	2.000	1.808	01/15/2026	26,670	30,961	33,083	
United States Treasury	4.380	4.621	05/15/2040	4,020	3,863	4,018	
United States Treasury	4.250	4.465	11/15/2040	5,400	5,211	5,279	
United States Treasury	2.130	2.199	02/15/2041	2,280	2,304	2,555	
United States Treasury	4.380	4.263	05/15/2041	1,690	1,722	1,687	
Total U. S. Treasury Issues - 15.7%						364,224	367,385
<u>U. S. Government Agency Issues</u>							
<i>U. S. Government Agency MBS (coupon, yield, and maturity date are weighted averages)</i>							
FHLMC Mortgage Pools	5.677	3.888	11/30/2035	51,392	55,355	56,126	
FNMA Mortgage Pools	5.838	2.764	12/04/2032	352,670	381,259	387,514	
<i>Total U. S. Government Agency MBS</i>						436,614	443,640
<i>U. S. Government Agency CMO</i>							
Federal Home Loan Mortgage	1.410 A	(2.153)	04/25/2020	4,168	299	312	
Federal Home Loan Mortgage	1.840 A	(2.911)	06/25/2020	4,371	428	437	
Federal Home Loan Mortgage	1.690 A	(1.686)	08/25/2020	38,601	3,377	3,495	
Federal Home Loan Mortgage	0.990	0.000	03/15/2034	231	-	234	
Federal National Mortgage Assn	7.000	3.170	11/25/2040	23,324	25,831	26,563	
Federal National Mortgage Assn	6.500	5.176	09/25/2042	76	82	86	
Federal National Mortgage Assn	6.500	4.558	12/25/2042	2,450	2,692	2,725	
Federal National Mortgage Assn	7.500	4.579	12/25/2045	2,776	3,136	3,290	
<i>Total U.S. Government Agency CMO</i>						35,845	37,142
Total U.S. Government Agency Issues - 20.6%						472,459	480,782
<u>Corporate Issues</u>							
<i>Corporate Bonds</i>							
AES Corporation	8.000	8.000	06/01/2020	6,400	6,400	6,816	
Ally Financial Inc	4.500	4.500	02/11/2014	11,000	11,000	11,000	
American Express	6.150	6.072	08/28/2017	1,250	1,255	1,424	
American Express	6.800	6.550	09/01/2066	1,660	1,721	1,706	
American International Group	5.850	5.922	01/16/2018	910	906	952	

A - Adjustable rate security. N - Security is in nonaccrual status pending bankruptcy proceeding. P - Perpetual bond, no stated maturity.

*All or portions of these securities are pledged as collateral for futures contracts.

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
American International Group	8.250	5.087	08/15/2018	4,825	5,727	5,542
American International Group	6.400	6.435	12/15/2020	2,390	2,384	2,573
Amgen Inc	4.500	4.506	03/15/2020	1,290	1,289	1,330
Anadarko Finance Co	7.500	6.559	05/01/2031	1,240	1,368	1,432
Anadarko Petroleum Corp	6.380	6.526	09/15/2017	900	893	1,032
AOL Time Warner Inc	7.630	6.150	04/15/2031	4,500	5,254	5,399
AOL Time Warner Inc	7.700	5.911	05/01/2032	9,474	11,488	11,438
Asciano Finance	3.130	3.158	09/23/2015	4,890	4,884	4,825
Asciano Finance	4.630	4.654	09/23/2020	1,480	1,477	1,412
ASIF Global Financing	4.900	4.777	01/17/2013	510	511	530
AT&T Corp	8.000	6.053	11/15/2031	2,750	3,372	3,639
AT&T Corp Wireless Services	8.130	5.709	05/01/2012	480	489	509
AT&T Inc	5.500	5.575	02/01/2018	5,076	5,055	5,661
AT&T Inc	6.550	6.152	02/15/2039	525	553	576
BAC Capital Trust XI	6.630	6.910	05/23/2036	11,675	11,280	11,269
BAC Capital Trust XIV	5.630	6.231	12/31/2049	570	520	424
Bank of America Corp	4.880	1.532	09/15/2012	20	21	21
Bank of America Corp	5.420	3.544	03/15/2017	600	658	612
Bank of America Corp	7.630	5.211	06/01/2019	15,000	17,323	17,376
Bank of America Corp	5.000	5.091	05/13/2021	1,380	1,370	1,363
Bank One Corporation	5.900	6.087	11/15/2011	2,415	2,413	2,461
Barclays Bank PLC	5.130	4.726	01/08/2020	5,490	5,638	5,572
BNSF Railway Co 2007-1 P	6.000	4.731	04/01/2024	963	1,079	1,070
Boston Properties LP	5.880	5.323	10/15/2019	4,950	5,131	5,423
Boston Properties LP	5.630	4.370	11/15/2020	4,600	5,040	4,914
Boston Scientific Corp	6.400	4.792	06/15/2016	9,415	10,076	10,604
Boston Scientific Corp	6.000	6.466	01/15/2020	500	485	541
BP Capital Markets PLC	3.130	3.187	10/01/2015	3,010	3,003	3,090
Burlington NO SF 00-1 TR	8.250	3.815	01/15/2021	344	385	416
Burlington NO SF 06-2 TR	5.630	1.989	04/01/2024	474	517	514
Burlington North Santa Fe	4.100	4.153	06/01/2021	7,075	7,045	7,019
Burlington Northern Santa Fe	5.650	4.016	05/01/2017	3,600	3,903	4,090
Burlington Northern Santa Fe	4.700	4.757	10/01/2019	850	847	902
Calpine Corp	7.880	7.875	01/15/2023	2,500	2,500	2,575
Capital One Financial Corp	6.750	4.401	09/15/2017	12,075	13,592	13,960
CIGNA Corporation	8.500	4.474	05/01/2019	2,074	2,621	2,630
CIGNA Corporation	7.650	6.812	03/01/2023	1,925	2,052	2,227
CIGNA Corporation	7.880	6.865	05/15/2027	1,545	1,694	1,818
CIGNA Corporation	6.150	5.839	11/15/2036	3,488	3,629	3,635
CIGNA Corporation	5.880	5.921	03/15/2041	1,135	1,128	1,129
Citigroup Inc	5.000	4.901	09/15/2014	6,750	6,770	7,074
Citigroup Inc	3.950	3.505	06/15/2016	2,160	2,204	2,211
Citigroup Inc	6.130	5.147	11/21/2017	15,370	16,174	16,975
Citigroup Inc	5.380	4.754	08/09/2020	1,980	2,070	2,066
Citigroup Inc	6.880	6.929	03/05/2038	3,460	3,437	3,850
Comcast Cable Communication	8.880	4.655	05/01/2017	2,615	3,173	3,335
Comcast Corp	6.500	4.573	01/15/2017	4,500	4,920	5,245
Comcast Corp	6.300	3.377	11/15/2017	2,700	3,149	3,130
Comcast Corp	5.880	3.492	02/15/2018	2,000	2,280	2,243
Commonwealth Edison	6.150	4.735	03/15/2012	1,500	1,515	1,557
Continental Airlines Inc	9.250	9.250	05/10/2017	1,225	1,225	1,274
Continental Airlines Inc	7.250	7.250	11/10/2019	5,550	5,550	5,980
Corp Bond Backed CTF-CCE	0.000	7.000	05/15/2098	5,000	3,116	3,350
Countrywide Financial Corp	5.800	7.825	06/07/2012	20	20	21
Countrywide Financial Corp	6.250	7.951	05/15/2016	2,550	2,378	2,687
Cox Communications Inc	9.380	4.730	01/15/2019	13,395	17,296	17,803
Credit Agricole SA	8.380	8.375	12/13/2049	4,130	4,130	4,316
CVS Caremark Corp	6.940	7.044	01/10/2030	1,972	1,972	2,218
Delta Air Lines	6.820	6.823	08/10/2022	2,198	2,198	2,275
Deutsche Telekom Int Fin	5.750	5.903	03/23/2016	1,635	1,625	1,849
Dow Chemical Company	8.550	5.414	05/15/2019	6,709	8,042	8,651
Dow Chemical Company	9.400	6.389	05/15/2039	3,750	5,210	5,562
El Paso Corporation	7.800	11.239	08/01/2031	469	337	547
El Paso Corporation	7.750	7.814	01/15/2032	222	221	258

A - Adjustable rate security. N - Security is in nonaccrual status pending bankruptcy proceeding. P - Perpetual bond, no stated maturity.

**All or portions of these securities are pledged as collateral for futures contracts.*

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
FirstEnergy Corp	6.450	6.604	11/15/2011	11	11	11
Ford Motor Credit Company	7.250	4.601	10/25/2011	15,595	15,723	15,829
Ford Motor Credit Company	5.630	5.525	09/15/2015	6,000	6,021	6,211
Ford Motor Credit Company	5.750	5.750	02/01/2021	10,300	10,300	10,287
Freeport-McMoRan Copper & Gold	8.380	6.848	04/01/2017	4,630	4,961	5,058
General Electric Capital Corp	5.450	5.188	01/15/2013	570	572	607
General Electric Capital Corp	5.900	3.549	05/13/2014	2,000	2,127	2,222
General Electric Capital Corp	5.500	4.530	01/08/2020	7,755	8,279	8,305
General Electric Capital Corp	6.380	3.887	11/15/2067	4,910	4,861	5,033
Glitnir BankI HF	0.000 N	0.000	07/28/2011	2,530	702	702
Glitnir BankI HF	0.000 N	0.045	09/25/2012	3,390	941	941
Glitnir BankI HF	0.000 N	0.006	06/15/2016	5,000	6	6
Glitnir BankI HF	0.000 N	0.024	09/14/2049	600	1	1
GMAC LLC	6.880	5.002	09/15/2011	15,663	15,726	15,788
Goldman Sachs Capital II	5.790	2.445	12/29/2049	3,960	3,254	3,168
Goldman Sachs Group Inc	6.150	6.141	04/01/2018	3,680	3,682	4,005
Goldman Sachs Group Inc	6.250	6.241	02/01/2041	2,810	2,813	2,833
Greenpoint Manufacture Housing	3.110 A	4.558	03/18/2029	1,075	882	898
Greenpoint Manufacture Housing	3.700 A	4.038	06/19/2029	600	486	501
Greenpoint Manufacture Housing	3.690 A	3.962	02/20/2030	550	446	460
Greenpoint Manufacture Housing	2.190 A	3.251	08/21/2031	4,150	3,496	3,437
Greenpoint Manufacture Housing	3.690 A	4.837	11/17/2031	1,925	1,633	1,627
Greenpoint Manufacture Housing	2.190 A	3.186	11/22/2031	875	742	723
Greenpoint Manufacture Housing	3.690 A	4.964	02/20/2032	875	734	711
Greenpoint Manufacture Housing	2.200 A	2.665	03/13/2032	1,275	1,069	1,003
Grifols Inc	8.250	8.250	02/01/2018	410	410	427
Groupe BPCE	12.500	9.578	P	3,317	4,329	3,796
HCA Inc	6.300	5.639	10/01/2012	9,500	9,575	9,785
HCA Inc	6.250	6.250	02/15/2013	8,000	8,000	8,280
HCA Inc	5.750	5.622	03/15/2014	3,300	3,310	3,345
HCA Inc	6.500	5.853	02/15/2016	3,500	3,591	3,561
Health Net Inc	6.380	7.208	06/01/2017	2,850	2,737	2,936
Household Finance Corporation	6.380	5.707	10/15/2011	120	120	122
Household Finance Corporation	7.000	5.660	05/15/2012	20	20	21
Household Finance Corporation	6.380	6.462	11/27/2012	440	439	471
HSBC Finance Corp	6.680	7.082	01/15/2021	1,450	1,410	1,488
HSBC Holdings PLC	5.100	5.128	04/05/2021	3,125	3,118	3,202
HSBC Holdings PLC	6.500	5.925	05/02/2036	7,375	7,920	7,587
Humana Inc	7.200	6.671	06/15/2018	2,030	2,089	2,356
Humana Inc	8.150	8.095	06/15/2038	730	734	886
ICICI Bank Limited	6.380	6.580	04/30/2022	2,238	2,003	2,182
ILFC E-Capital Trust II	6.250	3.242	12/21/2065	4,520	4,087	3,842
John Deere Capital Corp	5.350	5.235	04/03/2018	1,550	1,560	1,734
JP Morgan Chase & Co	5.750	5.268	01/02/2013	1,590	1,601	1,695
JP Morgan Chase & Co	5.130	5.030	09/15/2014	40	40	43
JP Morgan Chase & Co	5.150	5.330	10/01/2015	790	785	853
JP Morgan Chase & Co	4.950	4.275	03/25/2020	7,140	7,487	7,375
JP Morgan Chase XVII	5.850	6.301	08/01/2035	807	762	794
JPM Chase Capital XXV	6.800	6.684	10/01/2037	1,000	1,014	989
Kaupthing Bank HF	0.000 N	2.606	02/28/2015	7,930	1,963	1,963
Kerr-McGee Corporation	6.950	6.236	07/01/2024	330	351	376
Kerr-McGee Corporation	7.880	6.593	09/15/2031	1,665	1,901	2,001
Kinder Morgan Energy Partners	7.130	5.552	03/15/2012	740	748	772
Kinder Morgan Energy Partners	5.850	7.004	09/15/2012	150	148	158
Kinder Morgan Energy Partners	5.000	6.163	12/15/2013	940	915	1,019
Kinder Morgan Energy Partners	6.000	6.219	02/01/2017	1,610	1,594	1,816
Kroger Co	6.400	5.641	08/15/2017	220	229	258
Lafarge SA	5.500	3.894	07/09/2015	6,175	6,538	6,602
Lafarge SA	6.500	5.044	07/15/2016	4,550	4,841	4,918
Lehman Bros CAP TR VII	0.000 N	0.017	07/19/2017	110	-	-
Lehman Bros CAP TR VII	0.000 N	0.007	12/28/2017	8,860	4	4
Lehman Bros CAP TR VII	0.000 N	0.116	11/29/2049	4,430	-	-
Lloyds TSB Bank PLC	5.800	5.831	01/13/2020	4,135	4,126	4,141
Lloyds TSB Bank PLC	6.380	6.416	01/21/2021	150	150	156

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*All or portions of these securities are pledged as collateral for futures contracts.

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Lorillard Tobacco Company	8.130	6.688	06/23/2019	2,680	2,915	3,122
Macys Retail Holdings Inc	6.650	7.294	07/15/2024	6,415	6,070	7,217
Macys Retail Holdings Inc	6.900	6.746	04/01/2029	3,000	3,047	3,320
Macys Retail Holdings Inc	6.700	6.501	07/15/2034	1,990	2,037	2,106
Macys Retail Holdings Inc	6.380	6.832	03/15/2037	9,500	8,975	9,875
Merrill Lynch & Company Inc	6.880	6.887	04/25/2018	8,890	8,884	9,836
MetLife Inc	6.400	7.089	12/15/2036	3,170	2,914	3,091
MMC Corporation Berhad	6.250	4.222	01/15/2018	4,775	5,322	5,518
Morgan Stanley	6.600	5.476	04/01/2012	3,615	3,644	3,776
Morgan Stanley	6.630	6.224	04/01/2018	360	368	397
Morgan Stanley Dean Witter Co	5.630	5.806	01/09/2012	2,450	2,448	2,510
National Semiconductor Corp	6.600	5.898	06/15/2017	2,580	2,670	3,037
Nelnet Student Loan Trust	1.750	1.754	04/25/2024	3,640	3,640	3,736
Newfield Exploration Company	6.630	5.817	04/15/2016	4,650	4,805	4,801
News America Inc	6.650	6.763	11/15/2037	270	266	289
Nordea Bank AB	4.880	4.938	05/13/2021	2,980	2,965	2,862
Pacific Gas & Electric Corp	6.050	5.913	03/01/2034	1,500	1,525	1,586
Pacific Life Global Funding	5.150	5.161	04/15/2013	450	450	479
Pfizer Inc	6.200	4.552	03/15/2019	6,250	6,913	7,311
Rabobank Nederland	11.000	10.092	P	544	593	694
Reed Elsevier Capital	7.750	3.463	01/15/2014	2,300	2,538	2,637
Reed Elsevier Capital	8.630	4.356	01/15/2019	3,975	5,054	5,053
Reynolds American Inc	6.750	6.619	06/15/2017	2,330	2,345	2,690
Reynolds Group Holdings	6.880	6.875	02/15/2021	1,760	1,760	1,716
Royal Bank of Scotland Grp PLC	5.000	7.737	10/01/2014	3,960	3,654	3,909
Royal Bank of Scotland Grp PLC	0.000	0.000	P	1,200	1,200	933
Royal Bank of Scotland PLC	4.380	4.419	03/16/2016	3,225	3,219	3,253
Royal Bank of Scotland PLC	5.630	5.821	08/24/2020	2,700	2,663	2,701
Royal Bank of Scotland PLC	6.130	6.175	01/11/2021	5,325	5,306	5,459
Safeway Inc	3.950	4.684	08/15/2020	570	539	554
Seariver Maritime Inc	0.000	3.908	09/01/2012	3,180	3,040	3,096
Southern Natural Gas Co	5.900	5.897	04/01/2017	570	570	648
Springleaf Finance Corp	6.900	7.000	12/15/2017	1,050	1,045	963
Sprint Capital Corp	6.900	6.750	05/01/2019	120	121	124
Sprint Capital Corp	8.750	7.015	03/15/2032	680	808	736
Sprint Nextel Corporation	6.000	6.740	12/01/2016	8,075	7,805	8,065
State Street Corp	4.960	4.727	03/15/2018	1,980	2,006	2,100
Student Loan Marketing Assn	8.450	8.316	06/15/2018	7,675	7,727	8,424
Teachers Insurance & Annuity	6.850	6.860	12/16/2039	1,230	1,228	1,400
Telecom Italia Capital	7.000	5.402	06/04/2018	2,800	3,056	3,062
Telefonica Emisiones SAU	5.460	5.299	02/16/2021	1,930	1,953	1,959
Tenet Healthcare Corporation	8.880	9.625	07/01/2019	250	240	276
Tennessee Gas Pipeline	7.500	4.308	04/01/2017	3,380	3,924	4,083
Time Warner Cable Inc	8.750	4.804	02/14/2019	9,990	12,476	12,729
Time Warner Cable Inc	8.250	4.876	04/01/2019	975	1,185	1,216
Time Warner Entertainment Co	8.380	8.068	07/15/2033	3,050	3,146	3,898
TNK-BP Finance SA	7.880	8.692	03/13/2018	2,820	2,705	3,236
Travelers Cos Inc	6.250	4.048	06/20/2016	1,150	1,263	1,320
Travelers Cos Inc	5.750	4.273	12/15/2017	1,623	1,757	1,810
Union Pacific Corp	4.160	4.011	07/15/2022	4,812	4,876	4,763
Union Pacific RR Co 07-3	6.180	2.500	01/02/2031	831	874	954
United Business Media LT	5.750	5.979	11/03/2020	3,330	3,276	3,309
UNP RR Co 1999 Pass Trust	7.600	1.687	01/02/2020	638	720	761
UNP RR Co 2005 Pass Trust	5.080	2.625	01/02/2029	4,433	4,584	4,695
Vale Overseas Ltd	6.880	6.914	11/21/2036	2,812	2,798	3,053
Vedanta Resources PLC	8.750	8.751	01/15/2014	952	952	1,021
Verizon Communications	6.100	5.595	04/15/2018	1,710	1,758	1,960
Verizon Global Funding Corp	6.880	4.979	06/15/2012	90	92	95
Verizon Global Funding Corp	7.380	5.221	09/01/2012	1,180	1,208	1,269
Virgin Media Secured Fin	5.250	5.319	01/15/2021	2,010	2,000	2,140
Vulcan Materials	6.500	6.500	12/01/2016	1,750	1,750	1,739
Vulcan Materials	7.500	7.500	06/15/2021	2,925	2,925	2,921
Wachovia Capital Trust	5.570	5.635	12/29/2049	2,540	2,535	2,324
Wachovia Corp	5.630	6.046	10/15/2016	1,050	1,030	1,140

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See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Wachovia Corp	5.750	4.259	02/01/2018	7,280	7,893	8,050
Wal-Mart Stores	5.800	5.143	02/15/2018	610	632	703
WellPoint Inc	5.880	4.695	06/15/2017	5,096	5,405	5,826
WellPoint Inc	7.000	4.133	02/15/2019	6,250	7,410	7,465
Wells Fargo & Company	5.250	3.972	10/23/2012	140	142	148
Wells Fargo Capital X	5.950	6.337	12/15/2036	3,280	3,119	3,209
Xerox Corporation	6.400	4.485	03/15/2016	8,525	9,211	9,757
Xerox Corporation	6.350	3.960	05/15/2018	7,452	8,514	8,542
<i>Total Corporate Bonds</i>					677,593	699,706
<i>Corporate Asset Backed Issues</i>						
EDUCAP Student Loan Asset Back	2.030 A	2.202	06/25/2038	5,200	4,481	4,576
Education Funding Capital Trst	1.690 A	1.594	12/15/2042	900	839	855
Hertz Vehicle Financing LLC	5.290	5.350	03/25/2016	1,600	1,600	1,755
Lehman XZ Trust	0.410	8.414	04/25/2046	4,652	2,621	2,627
Mid-State Trust	3.500	3.531	12/15/2045	1,389	1,386	1,364
NC State Education Authority	1.280 A	1.782	07/25/2030	11,400	10,719	10,796
Nelnet Student Loan Trust	1.140 A	2.665	03/22/2032	10,700	8,037	9,719
Pegasus Aviation Lease Sec	8.370	16.049	03/25/2030	500	322	230
Public Service New Hampshire	6.480	5.468	05/01/2015	258	263	272
<i>Total Corporate Asset Backed Issues</i>					30,268	32,194
<i>Corporate CMO</i>						
Banc of America Mortgage Sec	5.250 A	6.970	12/01/2034	3,821	3,658	3,637
Banc of America Mortgage Sec	2.860 A	3.184	04/25/2035	856	837	696
Bear Stearns Adj Rate Mortgage	2.330	4.153	12/25/2046	1,587	1,473	1,024
Countrywide Alternative Loan T	2.880 A	2.975	12/25/2035	2,075	2,062	1,314
Countrywide Home Loans	2.770 A	2.766	06/20/2036	1,135	1,134	777
GMAC Mortgage Corp Loan Trust	3.360 A	3.630	09/19/2035	821	809	702
Greenpoint Mtge Funding Trust	0.400	13.274	04/25/2036	1,969	1,063	1,117
Indymac Inda Mtg Loan Trust	5.840 A	5.811	09/25/2037	1,774	1,773	1,426
Indymac Indx Mtg Loan Trust	0.400	19.410	04/25/2046	2,006	1,082	1,101
IndyMac Residential Asset Sec	4.750	4.363	02/25/2019	3,172	3,190	3,203
JP Morgan Mortgage Trust	3.080 A	3.466	08/25/2035	1,574	1,548	1,276
Luminent Mortgage Trust	0.390	16.235	02/25/2046	4,285	2,404	2,562
MASTR ARM Trust	2.950 A	3.367	01/25/2036	1,068	1,048	862
MASTR Performing Loan Trust	7.000	6.329	08/25/2034	82	83	84
Merrill Lynch Mortgage Invest	2.790 A	3.206	12/25/2034	37	36	35
Morgan Stanley Mortgage Loan	2.650 A	2.712	10/25/2034	1,348	1,342	1,252
Morgan Stanley Mortgage Loan	4.960 A	4.881	06/25/2037	4,428	4,438	2,299
Washington Mutual Mortgage	2.750 A	3.052	08/25/2035	1,541	1,515	1,308
Washington Mutual Mortgage	2.720 A	3.142	10/25/2035	636	631	596
Washington Mutual Mortgage	2.660 A	2.970	12/25/2035	1,867	1,839	1,599
Washington Mutual Mortgage	5.390 A	5.471	11/25/2036	194	193	147
Washington Mutual Mortgage	5.300 A	5.306	12/25/2036	738	737	542
Washington Mutual Mortgage	2.670 A	17.487	02/25/2037	631	353	482
Washington Mutual Mortgage	5.330 A	5.563	03/01/2037	219	217	144
Wells Fargo Mortgage Backed	2.740 A	7.319	12/25/2034	2,794	2,284	2,675
Wells Fargo Mortgage Backed	2.870 A	3.332	04/25/2036	317	315	277
<i>Total Corporate CMO</i>					36,064	31,137
<i>Corporate Preferred Securities</i>						
Citigroup Capital XIII	0.000	2.564		208	5,513	5,778
Total Corporate Issues - 32.9%					749,438	768,815
Investments in Other Funds						
Western Asset High Yield Portfolio				4,974	47,409	43,374
Investment Objective - To maximize total return by investing in fixed income securities that are rated below investment grade at time of purchase.						
Redemption Provisions - Daily						
No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.						

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See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Western Asset International Investment Grade Securities Portfolio Investment Objective - To maximize total return by investing in fixed income securities that are rated investment grade at time of purchase. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				970	18,033	23,659
Western Asset Floating Rate High Income Fund, LLC Investment Objective - To maximize total return by investing in U.S. dollar-denominated loans, loan participations and below investment grade fixed income securities. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				5,044	62,180	80,171
Western Asset U.S. Enhanced Cash, LLC Investment Objective - To maximize total return by investing in investment grade fixed income securities. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				5,078	48,816	53,219
Western Asset Opportunistic Asian Securities Portfolio, LLC Investment Objective - To maximize total return by investing in debt and fixed income securities of Asian issuers. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				4,160	43,343	52,665
Western Asset Non-U.S. Inflation Linked Securities Portfolio, LLC Investment Objective - To maximize total return by investing in inflation linked securities of non-U.S. issuers (70%) and U.S. issuers (30%). Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				311	4,909	5,102
Western Asset Opportunistic Local Market Debt Securities Portfolio, LLC Investment Objective - To maximize total return by investing in lower rated debt and other fixed income securities of non-U.S. issuers. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				1,790	23,724	34,138
Western Asset Opportunistic Structured Securities Portfolio, LLC Investment Objective - To maximize total return by investing in primarily investment grade asset backed fixed income securities. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				6,965	62,113	85,354
Western Asset Opportunistic Developing Markets Corporate Credit Securities Portfolio, LLC Investment Objective - To maximize total return by investing in U.S. dollar-denominated fixed income securities of non-U.S. issuers in developing markets. Redemption Provisions - Daily No underlying investments exceed 5% of net assets of the Total Return Fixed Income Pool.				2,384	22,282	32,325
Total Investments in Other Funds - 17.6%					332,809	410,007
Short-term Issues						
Dreyfus Cash Management Institutional Fund	0.010	0.760		227,854,054	227,854	227,854
Federal Home Loan Mort Corp *	0.000	0.113	01/10/2012	3,130	3,128	3,128
Federal National Mortgage Assn	0.000	0.112	01/10/2012	275	275	275
Total Short-term Issues - 9.9%					231,257	231,257

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*All or portions of these securities are pledged as collateral for futures contracts.

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>Option Contracts Purchased</u>						
<i>Call, strike price, expiration</i>						
Swaption, 3.5, November 2017				-	210	171
US Treasury 10Yr Note, 122.5, July 2011				-	244	177
US Treasury 10Yr Note, 123.5, July 2011				-	81	80
US Treasury 10Yr Note, 124, August 2011				-	60	141
<i>Total Calls</i>					595	569
<i>Put, strike price, expiration</i>						
EUR 1YR MID-CRV, 99, September 2011				-	62	49
Swaption, 6.0, November 2017				-	1,085	1,273
<i>Total Puts</i>					1,147	1,322
Total Option Contracts Purchased - 0.1%					1,742	1,891
Total Investment Securities - 100.3%					\$ 2,228,404	\$ 2,341,491
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 153,608	\$ 153,608
Mellon SL DBT II Liquidating Fund					843	819
Mellon GSL DBT II Liquidating Trust					1,615	-
Total Collateral for Securities Loaned					\$ 156,066	\$ 154,427

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**All or portions of these securities are pledged as collateral for futures contracts.*

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Option Contracts Written

June 30, 2011

(Amounts in thousands)

<u>Type</u>	<u>Description</u>	<u>Maturity</u>	<u>Strike Price</u>	<u>Contracts</u>	<u>Cost</u>	<u>Fair Value</u>
Call	Euro 90 Day Future	3/19/2012	99.250	(198)	\$ (143)	\$ (173)
Call	Euro 90 Day Future	3/19/2012	99.375	(284)	(157)	(176)
Call	Euro 90 Day Future	3/19/2012	99.500	(202)	(69)	(78)
Call	Swaption	10/2/2013	4.965	(224)	(1,329)	(1,976)
Call	Swaption	10/3/2013	4.860	(224)	(1,357)	(1,842)
Call	US Treasury 10Yr Note	8/26/2011	125.500	(68)	(58)	(21)
Call	US Treasury 10Yr Note Option	7/22/2011	125.500	(68)	(26)	(4)
Call	US Treasury 10Yr Note Option	7/22/2011	125.000	(417)	(168)	(39)
Put	EUR 1YR MID-CRV	9/16/2011	98.250	(273)	(33)	(5)
Put	Euro 90 Day Future	3/19/2012	99.375	(284)	(113)	(77)
Put	Euro 90 Day Future	3/20/2012	99.250	(198)	(111)	(42)
Put	Euro 90 Day Future	3/20/2012	99.500	(202)	(84)	(71)
Put	Swaption	10/2/2013	4.965	(224)	(1,329)	(760)
Put	Swaption	10/3/2013	4.860	(224)	(1,356)	(823)
Put	Swaption	11/6/2017	7.250	(227)	(563)	(615)
Put	Swaption	11/6/2017	9.500	(227)	(318)	(305)
Put	US Treasury 10Yr Note	7/22/2011	121.000	(417)	(168)	(170)
Put	US Treasury 10Yr Note Option	8/26/2011	121.500	(68)	(43)	(72)
Total Option Contracts Written - (0.3%)					<u>\$ (7,425)</u>	<u>\$ (7,249)</u>

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Interest	\$ 74,186
Dividends	8,407
Securities lending income	173
Shareholder litigation proceeds	318
Net amortization	<u>(13,113)</u>

Total investment income 69,971

Expenses

Investment advisor fees	(4,033)
Trustee fees	(9)
Custodian bank fees	(77)
Management fees	(688)
Fiduciary bond fees	(9)
Professional service fees	(134)
Securities lending agent fees	(30)
Securities lending borrower rebates	(21)
Futures commission expense	<u>(132)</u>

Total expenses (5,133)

Investment income, net 64,838

**Realized and unrealized gain (loss) from
investments and foreign currency**

Net realized loss from:	
Investments	(34,683)
Foreign currency transactions	(2,414)
Net increase (decrease) in the fair value of:	
Investments	111,676
Translation of assets and liabilities in foreign currencies	<u>(1,213)</u>

Net gain from investments and foreign currency 73,366

Net increase in net assets from operations \$ 138,204

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 64,838
Net realized loss from investments	(34,683)
Net realized loss from foreign currency transactions	(2,414)
Net increase in the fair value of investments	111,676
Net decrease in the translation of assets and liabilities in foreign currencies	<u>(1,213)</u>

Net increase in net assets from operations 138,204

Distributions to unitholders

Investment income, net	(64,716)
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Unit transactions

Proceeds from sale of units	770,627
Reinvestment of distributions	<u>63,226</u>
	833,853
Amount paid for repurchase of units	<u>(365,504)</u>

Net increase in net assets from unit transactions 468,349

Increase in net assets 541,837

Net assets, beginning of period 1,792,079

Net assets, end of period \$ 2,333,916

Unit data

Units sold	55,821,466
Units issued from reinvestment of distributions	<u>4,572,955</u>
	60,394,421
Units repurchased	<u>(26,448,234)</u>

Net increase in units 33,946,187

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The main objective of this Pool is to earn superior returns with low volatility by actively investing in the extended fixed income markets. Dodge & Cox and Western Asset Management Company (Western) manage the Pool. The Pool's investment performance, net of external investment management fees, is expected to meet or exceed the Barclays Capital Universal index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in debt securities are carried at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. Investments in other funds are valued at the reported net asset values of the individual funds, provided by the fund's management, as a practical expedient for measuring fair value. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded. Interest rate

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

and total return swap values are based on market values received from third parties or are determined by valuation models. Foreign currency forward contracts are valued at the difference between the forward contract amount and the month-end forward exchange rate. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Bank of New York Mellon on the following basis:

- a. Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- b. Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

The IMB isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from market prices of securities held.

Reported net realized foreign exchange gains and losses arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities including investments in securities at month end, resulting from changes in the exchange rate.

Option Contracts - The IMB may purchase or write equity, bond, currency, or index option contracts that have recognized liquidity and are actively traded on major exchanges or are executed with major dealers. These option contracts give the purchaser (seller) of the contract the right to buy (call) or sell (put) the security, or settle cash for an index option, underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time.

Premiums paid upon the purchase of an option contract are recorded as an asset and subsequently adjusted to market value. Upon exercising a purchased option, a gain is recorded equal to the difference between the market value of the underlying instrument and the strike price of the option, minus premiums paid. If the option expires unexercised, a loss is recognized in the amount of the premiums paid for the option.

Premiums received when option contracts are written are recorded as a liability and subsequently adjusted to market value. If a written option contract expires unexercised, a gain is recorded equal to the amount of the premiums received. The difference between the premiums received and the amount paid to effect a closing transaction is also recorded as a gain or loss. When a written option is exercised, a loss is recorded equal to the difference between the market value of the underlying instrument and the strike price of the option, minus premiums received.

Written option contracts are used to enhance investment returns and reduce portfolio convexity when implied volatility is high. Purchased option contracts are used to increase portfolio convexity when implied volatility is low, to implement certain yield curve strategies, or to hedge sector exposure.

When writing put options, there is risk that a loss may be incurred if the market price of the underlying instrument decreases and the option is exercised. This loss is determined by market conditions and cannot be specifically limited. The risk associated with writing call options is the loss of potential profit if the market price of the security increases and the option is exercised. Purchased put or call options bear the risk of loss of the premium paid if market conditions are not favorable to exercise the option. There may also be risk that the value of the option contract does not correlate perfectly with movements of the underlying instrument due to certain market distortions.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The IMB limits its exposure to credit risk by only buying or selling options traded on major exchanges, or executed with major dealers. There is a risk of the inability to enter into a closing transaction if a liquid secondary market does not exist. The IMB maintains sufficient levels of cash or cash equivalents to meet cash flow obligations.

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value of the securities loaned. For international securities, the collateral is at least 105 percent of the market value of the securities on loan. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, consisting of the Mellon SL DBT II Liquidating Fund and the Mellon GSL DBT II Liquidating Trust (Liquidating Trust). Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker for the fluctuations of the underlying securities or index. The IMB records futures at fair market value. Gains or losses on open futures positions are unrealized. These gains or losses become realized when the position is closed.

Interest rate futures may be used to enhance portfolio yields or as an alternative investment of cash.

The market risk associated with holding interest rate and stock index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions.

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

Foreign Currency Forward Contracts - A foreign currency forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. Western enters into such contracts to take advantage of the relative changes in currency exchange rates. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts are valued at the prevailing market exchange rates at month end. An unrealized gain or loss is recorded as the difference between the amount valued at month end and the amount to be received or paid at the expiration date. The unrealized gain or loss is reclassified to realized gain or loss when the contract expires.

Interest Rate Swaps - Interest rate swaps represent agreements between counterparties to exchange cash flows based on the difference between two interest rates, applied to a notional principal amount for a specified period. Interest rate swaps do not

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

involve the exchange of principal between the parties. Interest is paid or received periodically. Fair values are based on market values received from third parties or are determined by valuation models.

Total Return Swaps - Total return swaps represent agreements in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds. This is owned by the party receiving the set rate payment.

Asset-Backed Securities - The Pool invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The securities are reported at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The Pool invests 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.

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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. Historical prepayment speeds are obtained from market data vendors and are updated annually. The effect of changing prepayment assumptions is reported in the Statement of Operations in the year of the change.

Distributions to Participants - The monthly net investment income of the Pool is declared as a dividend on the last day of the month and distributed to the participants of the Pool on the first day of the following 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 Net Assets. The Pool does not routinely distribute dividends of net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted average credit ratings of the rated assets in the Pool as of June 30, 2011.

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes	Baa2	BBB	\$ 699,706	29.9%
Agency mortgage backed securities	Aaa	AAA	443,640	19.0
U. S. Treasury bonds and notes	Aaa	AAA	367,385	15.7
Regulated investment companies	Aaa	AAA	227,854	9.7
Municipal bonds	A1	A	81,354	3.5
Agency collateralized mortgage obligations	Aaa	AAA	37,142	1.6
Corporate asset backed securities	Aa3	AA	32,194	1.4
Corporate collateralized mortgage obligations	B1	BB	31,137	1.3
Corporate preferred securities	NR	BB+	5,778	0.2
Agency discount notes	P-1	A-1+	3,403	0.1
Total rated investments			<u>\$ 1,929,593</u>	<u>82.4%</u>

Unrated securities include commingled investment pools valued at \$410,007 and option contracts purchased valued at \$1,891. These unrated securities represent 17.6 percent of the fair value of the Pool's investments.

Concentration of Credit Risk

West Virginia statutes prohibit the Pool from investing more than 5 percent of its assets in securities issued by a single private corporation or association. At June 30, 2011, the Pool did not have investments in any one private corporation or association that represented more than 5 percent of assets.

Custodial Credit Risk

At June 30, 2011, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102 percent and the collateral is held in the name of the IMB. Investments in commingled funds are held in an account in the name of the IMB. All remaining securities are held by the IMB's custodian in the name of the IMB. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund.

Interest Rate Risk

The IMB monitors interest rate risk of the Pool by evaluating the modified duration of the investments in the Pool. The following table provides the weighted average modified duration for the various asset types in the Pool as of June 30, 2011.

Security Type	Fair Value	Modified Duration (years)
Corporate bonds and notes	\$ 699,706	6.3
Agency mortgage backed securities	443,640	3.3
Commingled investment pools	410,007	2.0
U. S. Treasury bonds and notes	367,385	5.6
Regulated investment companies	227,854	0.0
Municipal bonds	81,354	14.6
Agency collateralized mortgage obligations	37,142	3.5
Corporate asset backed securities	32,194	16.2
Corporate collateralized mortgage obligations	31,137	5.4
Agency discount notes	3,403	0.5
Total assets	<u>\$ 2,333,822</u>	<u>4.6</u>

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2011, the Pool held \$544,113 of these securities. This represents approximately 23 percent of the value of the Pool's securities.

Foreign Currency Risk

None of the notes, bonds, asset backed securities, mortgage backed securities, collateralized mortgage obligations or money market fund held by the Pool are exposed to foreign currency risk. However, the Pool does have foreign exchange forward contracts. Refer to Note 10 for details on these contracts. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools. Approximately \$124,230, or 30 percent, of the commingled investment pools hold substantially all of their investments in foreign currencies. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2011 the IMB was in compliance with this limitation.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool may include foreign exchange contracts, futures, options, interest rate swaps, and total return swaps. None of these derivative financial instruments are designated as hedging instruments under ASC 815; they are used to implement portfolio strategy, capture valuation opportunities, and to exploit market inefficiencies. The primary risks managed by using these derivative financial instruments include interest rate, foreign exchange rate, and market price risks. See Note 2 for additional information on the Pool's purpose for entering into derivatives not designated as hedging instruments and for discussion on the risks associated with investing in these derivatives.

The table below presents the fair value of the derivative financial instruments not designated as hedging instruments recorded in the Statement of Assets and Liabilities as of June 30, 2011:

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivatives not designated as hedging instruments under ASC 815	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Fixed Income / Interest rate contracts	Investment securities at fair value	\$ 1,891	Option contracts written	\$ (7,249)
Fixed Income / Interest rate contracts	Unrealized gain on futures contracts	1,448	Unrealized loss on futures contracts	(3,790)
Foreign exchange contracts	Unrealized gain on foreign currency forward contracts	312	Unrealized loss on foreign currency forward contracts	(583)
Total		\$ 3,651		\$ (11,622)

The table below presents the impact of the derivative financial instruments not designated as hedging instruments recorded in the Statement of Operations for the year ended June 30, 2011:

Derivatives not designated as hedging instruments under ASC 815	Statement of Operations Location	Realized Gain (Loss)	Statement of Operations Location	Unrealized Gain (Loss)
Fixed income / Interest rate contracts	Net realized loss from investments	\$ (22,033)	Net increase in the fair value of investments	\$ 6,631
Foreign exchange contracts	Net realized loss from foreign currency transactions	(2,414)	Net decrease in the fair value of translation of assets and liabilities in foreign currencies	(1,289)
Total		\$ (24,447)		\$ 5,342

NOTE 6. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. FAIR VALUE MEASUREMENTS (continued)

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Agency collateralized mortgage obligations	\$ -	\$ 37,142	\$ -	\$ 37,142
Agency mortgage backed securities	-	443,640	-	443,640
Commingled funds	-	410,007	-	410,007
Corporate asset backed securities	-	32,194	-	32,194
Corporate bonds and notes	-	699,706	-	699,706
Corporate collateralized mortgage obligations	-	31,137	-	31,137
Foreign currency forward contracts	-	312	-	312
Futures	1,448	-	-	1,448
Municipal bonds	-	81,354	-	81,354
Options	447	1,444	-	1,891
Preferred securities	5,778	-	-	5,778
Regulated investment companies	-	227,854	-	227,854
Short-term issues	-	3,403	-	3,403
Securities lending collateral funds	-	154,427	-	154,427
U.S. Treasury bonds and notes	-	367,385	-	367,385
Total	<u>\$ 7,673</u>	<u>\$ 2,490,005</u>	<u>\$ -</u>	<u>\$ 2,497,678</u>
Liabilities	Level 1	Level 2	Level 3	Total
Futures	\$ -	\$ (3,790)	\$ -	\$ (3,790)
Options	(928)	(6,321)	-	(7,249)
Foreign currency forward contracts	-	(583)	-	(583)
Total	<u>\$ (928)</u>	<u>\$ (10,692)</u>	<u>\$ -</u>	<u>\$ (11,622)</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$	226,890		
Initial collateral received:		<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash	\$	156,066	\$ 154,427	\$ (1,639)
Non-cash		76,096	74,430	(1,666)
Total	\$	<u>232,162</u>	<u>\$ 228,857</u>	<u>\$ (3,305)</u>

The Liquidating Trust, referenced in Note 2, was created in October 2008 to account for certain securities issued by Sigma Finance, Inc. The IMB's balance in the Liquidating Trust for all IMB investment pools that participate in the securities lending program was \$10,974 of which \$1,703 was assigned to the Total Return Fixed Income Pool. A loss reserve was established for the entire amount. Through June 30, 2011 the loss reserve has been adjusted to \$1,615 as a result of cash received in the Liquidating Trust. This \$1,615 is included in the unrealized loss reported in the above table.

In October 2008, the IMB suspended the distribution of any net securities lending income subject to final dissolution of the Liquidating Trust. For the period October 2008 through June 2011, the pool has recorded, but not distributed \$648 of net securities lending income.

NOTE 8. FUTURES CONTRACTS

At June 30, 2011, open positions in futures contracts denominated in U.S. dollars were as follows:

Expiration	Open Contracts		Position	Value at June 30, 2011	Value Upon Entering Contract	Unrealized Gain (Loss)
Dec 2011	513	Euro 90 Day Future	Long	\$ 127,711	\$ 127,737	\$ (26)
Sep 2011	1023	US Ultra Bond Future	Long	129,154	130,535	(1,381)
Mar 2012	(513)	Euro 90 Day Future	Short	(127,628)	(127,583)	(45)
Sep 2011	(3,096)	US Treasury 10Yr Note Future	Short	(378,728)	(376,788)	(1,940)
Sep 2011	(1,339)	US Treasury 5Yr Note Future	Short	(159,603)	(159,334)	(269)
Sep 2011	(291)	US Treasury 2Yr Note Future	Short	(63,829)	(63,700)	(129)
Sep 2011	(1,316)	US Treasury Bond Future	Short	(161,909)	(163,120)	1,211
				<u>\$ (634,832)</u>	<u>\$ (632,253)</u>	<u>\$ (2,579)</u>

At June 30, 2011, open positions in futures contracts denominated in foreign currencies are as follows:

Expiration	Open Contracts		Currency	Position	Value at June 30, 2011 Local Currency	Initial Value in Local Currency	June 30, 2011 Exchange Rate	Unrealized Gain (Loss)
Sep 2011	430	3MO Euro Euribor	Euro	Long	152,788	152,690	1.4499	\$ 142
Mar 2012	66	Euro 90 Day Future	Euro	Long	23,822	23,756	1.4499	95
					<u>176,610</u>	<u>176,446</u>		<u>\$ 237</u>

At June 30, 2011, the Pool had pledged cash of \$8,483 and securities of \$8,795 to cover margin requirements on open futures contracts.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 9. OPTION CONTRACTS

A summary of the activity in short (written) option positions for the period ended June 30, 2011 is as follows:

	Puts		Calls	
	Number of Contracts	Premiums (Received)/Paid	Number of Contracts	Premiums (Received)/Paid
Options outstanding at June 30, 2010	(1,712)	\$ (3,218)	(851)	\$ (3,003)
Options written	(9,046)	(4,055)	(3,994)	(1,846)
Options closed	4,325	1,469	2,140	1,027
Options expired	4,089	1,686	1,020	515
Options outstanding at June 30, 2011	(2,344)	\$ (4,118)	(1,685)	\$ (3,307)

NOTE 10. FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2011, open foreign currency forward contracts were as follows:

Position	Foreign Currency	Inception Date	Expiration Date	Receivable		Payable		Unrealized Gain (Loss)
				(in foreign currency)	(in U. S. dollars)	(in foreign currency)	(in U. S. dollars)	
Long	Euro Currency ^a	5/5/2011	8/18/2011	11,289	\$ 16,344		\$ 16,744	\$ (400)
Long	Mexican New Peso ^b	5/6/2011	8/18/2011	133,952	11,371		11,332	39
Short	Euro Currency ^c	5/5/2011	8/18/2011		7,095	4,780	6,920	175
Short	Euro Currency ^d	5/9/2011	8/18/2011		22,185	15,449	22,366	(181)
Short	Euro Currency ^c	5/17/2011	8/18/2011		70	49	72	(2)
Short	Japanese Yen ^c	5/5/2011	8/18/2011		13,869	1,111,850	13,771	98
					\$ 70,934		\$ 71,205	\$ (271)

Counterparty, Moody's Rating, S&P Rating

a - Deutsche Bank AG, Aa3, A+

b - Morgan Stanley, A2, A

c - Citigroup Inc, A3, A

d - BNY Mellon, Aa2, AA-

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 11. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2010	\$ 13.48
Income from investment operations:	
Net investment income	0.42
Net realized and unrealized gain on investment transactions	0.53
Net realized loss from foreign currency transactions	(0.02)
Net decrease in the translation of assets and liabilities in foreign currencies	(0.01)
Total from investment operations	0.92
Less distributions from net investment income	(0.42)
Net asset value at June 30, 2011	\$ 13.98
 Time-weighted Total Return *	 6.9%
 Supplemental Data:	
Net assets, end of period	\$ 2,333,916
Ratio to average net assets:	
Expenses **	0.24%
Net investment income **	3.05%
Portfolio turnover rate	94.69%

- * Return data is net of fees for the full fiscal year
 ** All ratios are for the fiscal year

NOTE 12. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011. The balances do not include the dividend declared by the Pool on the last day of the month and reinvested to the participant's account on the first day of the following month.

<u>Participant</u>	<u>Account Value</u>
Public Employees' Retirement System	\$ 676,368
Teachers' Retirement System	652,082
Workers' Compensation Old Fund	364,840
Revenue Shortfall Reserve Fund - Part B	132,091
Retiree Health Benefit Trust	100,415
Revenue Shortfall Reserve Fund	78,121
State Police Death, Disability and Retirement Fund	77,095
Coal Workers' Pneumoconiosis Fund	76,802
Public Employees' Insurance Agency	68,161
Board of Risk and Insurance Management	42,344
Judges' Retirement System	18,584
Deputy Sheriff's Retirement System	17,341
State Police Retirement System	11,340
Wildlife Endowment Fund	6,194
Emergency Medical Services Retirement System	5,011
Workers' Compensation Self-Insured Guaranty Risk Pool	2,872
Workers' Compensation Uninsured Employers Fund	2,503
WV Department of Environmental Protection Trust	951
AccessWV	801
Total	\$ 2,333,916

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 13. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Core Fixed Income Pool

Core Fixed Income Pool

Audited Financial Statements June 30, 2011

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Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the year then ended for the West Virginia Investment Management Board (WVIMB) Core Fixed Income Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Core Fixed Income Pool as of June 30, 2011, and the results of its operations and changes in net assets for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Core Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,194,672
Collateral for securities loaned at fair value (Note 6)	149,487
Receivables:	
Accrued interest	7,664
Investments sold	1,431
Dividends	4
Securities lending income	11
Other	59
	<hr/>
Total assets	1,353,328

Liabilities

Accrued expenses	40
Dividends payable	4,473
Payable for investments purchased	9,289
Payable upon return of securities loaned (Note 6)	149,511
	<hr/>
Total liabilities	163,313
	<hr/>
Net assets	\$ 1,190,015

Analysis of net assets

Paid-in capital	\$ 1,084,909
Accumulated undistributed net realized gain from investments	56,054
Unrealized net appreciation of investments	49,052
	<hr/>
Net assets	\$ 1,190,015

Unit data

Units outstanding	109,155,541
Net asset value, unit price	\$ 10.90

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>Municipal Bonds</u>						
American Municipal Power-Ohio	7.500 %	7.314 %	02/15/2050	580	\$ 594	\$ 656
Illinois	5.100	5.763	06/01/2033	350	321	298
New York St Dorm Authority	5.600	5.787	03/15/2040	260	253	267
Port Authority NY and NJ	5.650	5.647	11/01/2040	600	600	605
Tennessee Valley Authority	4.630	4.693	09/15/2060	400	395	375
Total Municipal Bonds - 0.2%					2,163	2,201
<u>U. S. Treasury Issues</u>						
United States Treasury	0.000	2.797	02/15/2014	4,100	3,812	4,023
United States Treasury	1.880	2.255	02/28/2014	1,000	990	1,031
United States Treasury	0.000	2.114	05/15/2014	6,100	5,742	5,961
United States Treasury	0.000	2.343	08/15/2014	3,000	2,790	2,917
United States Treasury	0.000	1.445	11/15/2014	5,750	5,477	5,550
United States Treasury	2.630	2.459	12/31/2014	6,000	6,033	6,324
United States Treasury	0.000	2.704	02/15/2015	150	136	143
United States Treasury	9.880	2.377	11/15/2015	3,100	4,060	4,210
United States Treasury	2.630	2.861	02/29/2016	200	198	209
United States Treasury	2.630	1.974	04/30/2016	1,670	1,719	1,745
United States Treasury	0.000	3.332	08/15/2016	4,800	4,053	4,354
United States Treasury	3.130	3.241	10/31/2016	10,000	9,944	10,630
United States Treasury	0.000	3.233	11/15/2016	1,000	842	901
United States Treasury	7.500	3.028	11/15/2016	13,800	16,838	17,803
United States Treasury	0.000	2.256	11/15/2016	3,120	2,765	2,802
United States Treasury	3.250	3.131	12/31/2016	35,200	35,407	37,551
United States Treasury	4.630	3.056	02/15/2017	6,500	7,023	7,417
United States Treasury	0.000	3.563	02/15/2017	5,150	4,222	4,569
United States Treasury	3.250	2.910	03/31/2017	11,600	11,807	12,354
United States Treasury	3.130	2.432	04/30/2017	6,715	6,967	7,101
United States Treasury	8.750	3.078	05/15/2017	1,840	2,397	2,526
United States Treasury	4.500	3.079	05/15/2017	3,060	3,292	3,472
United States Treasury	2.750	2.508	05/31/2017	6,455	6,541	6,679
United States Treasury	8.880	3.186	08/15/2017	13,360	17,558	18,565
United States Treasury	4.750	2.704	08/15/2017	18,645	20,779	21,445
United States Treasury	0.000	2.162	08/15/2017	1,500	1,315	1,302
United States Treasury	0.000	3.492	11/15/2017	7,050	5,654	6,051
United States Treasury	2.750	2.731	12/31/2017	15,000	15,017	15,401
United States Treasury	2.630	2.849	01/31/2018	6,000	5,920	6,106
United States Treasury	3.500	2.488	02/15/2018	1,000	1,061	1,073
United States Treasury	0.000	3.537	02/15/2018	3,950	3,131	3,348
United States Treasury	2.880	2.922	03/31/2018	1,425	1,421	1,468
United States Treasury	0.000	3.743	08/15/2018	500	384	414
United States Treasury	3.130	3.136	05/15/2019	12,585	12,575	12,994
United States Treasury	0.000	4.013	05/15/2019	4,550	3,328	3,626
United States Treasury	8.130	3.151	08/15/2019	7,198	9,743	10,074
United States Treasury	0.000	4.021	08/15/2019	300	217	236
United States Treasury	8.500	3.516	02/15/2020	1,750	2,394	2,515
United States Treasury	0.000	4.006	05/15/2020	4,500	3,165	3,402
United States Treasury	8.750	3.409	05/15/2020	1,400	1,968	2,045
United States Treasury	0.000	3.348	05/15/2020	14,287	10,637	10,730
United States Treasury	8.750	3.625	08/15/2020	6,050	8,440	8,867
United States Treasury	0.000	3.534	08/15/2020	7,900	5,736	5,847
United States Treasury	0.000	4.258	11/15/2020	400	269	292
United States Treasury	0.000	4.230	02/15/2021	200	134	144
United States Treasury	8.130	3.524	05/15/2021	1,000	1,381	1,428
United States Treasury	0.000	3.501	11/15/2021	5,000	3,488	3,443
United States Treasury	0.000	3.851	02/15/2022	1,250	833	848
United States Treasury	7.130	3.585	02/15/2023	1,000	1,334	1,354
United States Treasury	0.000	4.526	05/15/2024	1,100	618	654
United States Treasury	0.000	4.459	08/15/2024	700	392	410
United States Treasury	0.000	6.392	11/15/2024	250	133	144
United States Treasury	0.000	6.934	02/15/2025	700	354	398
United States Treasury	6.000	4.435	02/15/2026	400	467	498
United States Treasury	0.000	4.862	05/15/2026	850	416	449

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
United States Treasury	6.750	4.073	08/15/2026	625	813	834
United States Treasury	6.500	4.024	11/15/2026	550	705	718
United States Treasury	0.000	4.278	11/15/2026	5,000	2,608	2,569
United States Treasury	6.630	3.883	02/15/2027	800	1,055	1,058
United States Treasury	0.000	4.741	02/15/2027	2,200	1,058	1,115
United States Treasury	6.380	4.079	08/15/2027	400	508	518
United States Treasury	0.000	4.707	08/15/2027	950	449	468
United States Treasury	6.130	4.343	11/15/2027	150	181	190
United States Treasury	0.000	4.358	11/15/2027	1,500	741	729
United States Treasury	0.000	4.552	02/15/2028	2,050	970	983
United States Treasury	0.000	4.851	05/15/2028	100	44	47
United States Treasury	5.500	4.534	08/15/2028	1,050	1,170	1,246
United States Treasury	0.000	4.822	11/15/2028	2,000	874	922
United States Treasury	0.000	4.655	02/15/2029	300	133	136
United States Treasury	0.000	4.554	05/15/2029	150	67	67
United States Treasury	0.000	4.399	11/15/2029	700	315	306
United States Treasury	0.000	4.598	02/15/2030	1,100	472	474
United States Treasury	6.250	4.292	05/15/2030	200	250	258
United States Treasury	0.000	4.618	08/15/2030	900	376	378
United States Treasury	0.000	4.447	11/15/2030	950	405	394
United States Treasury	5.380	4.324	02/15/2031	1,100	1,252	1,289
United States Treasury	0.000	7.365	11/15/2032	250	97	93
United States Treasury	0.000	7.609	05/15/2033	1,000	375	364
United States Treasury	0.000	7.445	08/15/2033	700	264	251
United States Treasury	0.000	7.666	11/15/2033	1,000	368	354
United States Treasury	0.000	4.533	02/15/2034	750	272	262
United States Treasury	0.000	7.942	05/15/2034	500	177	173
United States Treasury	4.500	4.122	02/15/2036	200	212	207
United States Treasury	0.000	4.591	05/15/2036	200	65	62
Total U. S. Treasury Issues - 26.2%					299,593	312,308
U. S. Government Agency Issues						
<i>U. S. Government Agency MBS (coupon, yield, and maturity date are weighted averages)</i>						
FHLMC Issues	5.795	3.496	09/29/2033	57,844	61,408	62,390
FNMA Issues	5.294	3.492	12/08/2027	99,678	104,402	106,800
GNMA Issues	6.561	3.776	03/26/2036	4,014	4,323	4,514
<i>Total U. S. Government Agency MBS</i>					170,133	173,704
<i>U. S. Government Agency CMO (coupon, yield, and maturity date are weighted averages)</i>						
FDIC Issues	2.980	3.027	12/06/2020	1,435	1,433	1,461
FHLB Issues	4.690	3.425	08/29/2020	3,738	3,815	3,801
FHLMC Issues	6.220	5.673	06/25/2033	133,459	95,941	100,604
FNMA Issues	6.022	5.376	04/11/2034	181,807	136,926	144,170
GNMA Issues	8.072	14.323	05/23/2034	91,691	30,877	36,261
<i>Total U. S. Government Agency CMO</i>					268,992	286,297
<i>U. S. Government Agency Bonds</i>						
FannieMae STRIPS	0.000	5.737	11/15/2021	1,000	627	650
Federal Farm Credit Bank	5.130	3.384	11/15/2018	1,000	1,113	1,144
Federal Home Loan Mortgage	5.500	3.324	08/23/2017	2,900	3,248	3,400
Federal National Mortgage Assn	0.000	2.342	07/05/2014	2,300	2,148	2,208
Federal National Mortgage Assn	5.000	2.195	05/11/2017	3,000	3,460	3,432
Federal National Mortgage Assn	5.380	3.276	06/12/2017	2,000	2,225	2,328
FICO	0.000	5.655	09/26/2019	700	478	533
RFCSP Strip Principal	0.000	4.186	07/15/2020	500	363	365
<i>Total U. S. Government Agency Bonds</i>					13,662	14,060
Total U. S. Government Agency Issues - 39.8%					452,787	474,061
Corporate Issues						
<i>Corporate Bonds</i>						
Ace Ina Hldg Inc	5.880	3.570	06/15/2014	240	255	268
Ace Ina Hldg Inc	5.600	2.613	05/15/2015	430	477	478
AFLAC Inc	8.500	5.066	05/15/2019	100	122	122

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
AFLAC Inc	6.450	6.488	08/15/2040	108	107	107
AGL Capital Corporation	4.450	2.753	04/15/2013	260	268	273
AGL Capital Corporation	5.250	5.094	08/15/2019	250	252	268
AGL Capital Corporation	5.880	5.887	03/15/2041	120	120	125
Alabama Power Co	6.130	5.106	05/15/2038	128	147	143
Alberta Energy Company Ltd	8.130	5.675	09/15/2030	200	257	249
Allied Waste North America	6.880	6.978	06/17/2015	250	249	271
Allstate Corp	5.000	3.585	08/15/2014	470	489	517
Allstate Life Global Fn Trust	5.380	1.804	04/30/2013	300	319	323
Amer Airline Pt Trs 11-1	5.250	5.250	07/31/2021	118	118	115
American Express	7.000	4.741	03/19/2018	595	671	700
American Express Credit Co	5.880	2.100	05/02/2013	40	43	43
American Express Credit Co	7.300	4.692	08/20/2013	600	631	668
American Express Credit Co	5.130	4.116	08/25/2014	625	643	682
American Honda Finance	7.630	4.558	10/01/2018	500	593	615
American Water Cap Corp	6.090	3.499	10/15/2017	300	343	346
American Water Cap Corp	6.590	5.338	10/15/2037	300	353	325
Ameritech Capital Funding	6.450	5.178	01/15/2018	70	75	80
Amgen Inc	6.150	3.425	06/01/2018	285	332	330
Amgen Inc	5.700	5.035	02/01/2019	210	219	238
Amgen Inc	4.950	5.002	10/01/2041	200	198	181
Amgen Inc	5.650	5.684	06/15/2042	103	102	103
Anadarko Petroleum Corp	7.630	3.498	03/15/2014	130	144	149
Anadarko Petroleum Corp	8.700	8.256	03/15/2019	300	307	382
Anadarko Petroleum Corp	6.950	5.872	06/15/2019	285	304	333
Anheuser-Busch	7.750	5.146	01/15/2019	580	673	730
ANR Pipeline	9.630	5.447	11/01/2021	240	318	339
ANZ National (Intl) LTD	2.380	2.418	12/21/2012	175	175	178
Aon Corporation	3.500	3.605	09/30/2015	121	120	124
Apache Corporation	6.000	1.594	09/15/2013	480	526	531
Appalachian Power Company	5.950	6.624	05/15/2033	250	231	255
Arrow Electronics Inc	6.880	6.098	07/01/2013	215	218	234
Arrow Electronics Inc	6.880	5.965	06/01/2018	235	247	261
Arrow Electronics Inc	7.500	6.484	01/15/2027	225	247	241
ASIF Global Financing	4.900	1.972	01/17/2013	557	582	579
Associates Corp NA	6.950	9.370	11/01/2018	350	305	395
AT&T Corp	8.000	6.187	11/15/2031	41	49	54
AT&T Inc	4.950	3.716	01/15/2013	175	178	185
AT&T Inc	5.500	4.564	02/01/2018	370	389	413
AT&T Inc	5.600	5.162	05/15/2018	565	579	629
AT&T Inc	4.450	4.232	05/15/2021	500	509	509
AT&T Inc	6.300	6.620	01/15/2038	600	574	635
AT&T Inc	5.350	5.341	09/01/2040	1,374	1,376	1,302
Atmos Energy Corp	6.350	3.826	06/15/2017	175	198	202
Atmos Energy Corp	8.500	8.529	03/15/2019	150	150	191
AUST & NZ Banking Group	3.250	3.339	03/01/2016	200	199	202
BAE Systems Holdings Inc	5.200	2.802	08/15/2015	195	213	212
Bank of America Corp	5.500	5.648	06/14/2012	2,000	1,997	2,075
Bank of America Corp	7.380	7.510	05/15/2014	600	598	674
Bank of America Corp	5.130	8.762	11/15/2014	300	269	318
Bank of America Corp	6.500	6.545	08/01/2016	500	499	558
Bank of America Corp	5.630	5.039	10/14/2016	250	257	267
Bank of America Corp	5.650	5.589	05/01/2018	1,250	1,254	1,318
Bank of America Corp	5.630	5.431	07/01/2020	190	192	196
Bank of America Corp	5.000	5.056	05/13/2021	285	284	281
Bank of Nova Scotia	3.400	3.428	01/22/2015	127	127	133
Bank of Nova Scotia	1.650	1.686	10/29/2015	345	344	339
Bank of Nova Scotia	4.380	4.395	01/13/2021	214	214	219
Bank Tokyo - Mitsubishi UFJ	3.850	3.859	01/22/2015	356	356	375
Barclays Bank PLC	5.200	5.227	07/10/2014	400	400	433
Barclays Bank PLC	6.750	5.145	05/22/2019	950	1,048	1,066
Barclays Bank PLC	5.130	5.231	01/08/2020	500	496	507
BB&T Corporation	3.850	1.782	07/27/2012	575	587	594
BB&T Corporation	5.700	1.547	04/30/2014	340	379	377
BB&T Corporation	4.900	5.999	06/30/2017	800	756	857

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
BB&T Corporation	6.850	7.048	04/30/2019	225	222	266
Bell Tel Co Pennsylvania	8.350	7.266	12/15/2030	400	445	488
BellSouth Corporation	5.200	4.342	09/15/2014	300	308	330
Berkshire Hathaway Fin	4.600	4.335	05/15/2013	100	100	107
Berkshire Hathaway Fin	5.100	1.733	07/15/2014	600	659	665
Berkshire Hathaway Fin	2.450	2.497	12/15/2015	477	476	483
Berkshire Hathaway Fin	5.400	3.505	05/15/2018	300	334	333
BHP Billiton Financial USA	5.500	5.577	04/01/2014	200	200	222
BHP Billiton Financial USA	6.500	4.223	04/01/2019	720	827	861
BlackRock Inc	6.250	4.677	09/15/2017	500	542	578
Blackstone Holdings Financial	5.880	5.938	03/15/2021	550	547	551
BNY Mellon	4.500	2.783	04/01/2013	305	314	324
BNY Mellon	5.130	3.868	08/27/2013	350	359	380
BNY Mellon	2.950	2.978	06/18/2015	500	499	516
BNY Mellon	4.600	4.625	01/15/2020	115	115	120
Boeing Company	9.750	2.232	04/01/2012	260	274	277
Boeing Company	5.130	4.019	02/15/2013	100	102	107
Boeing Company	4.880	4.664	02/15/2020	230	233	249
Boeing Company	6.130	5.181	02/15/2033	150	168	170
BP Capital Markets PLC	3.130	3.127	03/10/2012	250	250	254
BP Capital Markets PLC	3.630	3.625	05/08/2014	100	100	105
BP Capital Markets PLC	3.880	3.148	03/10/2015	730	748	769
British Telecom PLC	5.950	5.942	01/15/2018	275	275	304
British Telecom PLC	9.880 A	6.740	12/15/2030	145	194	199
Bunge Limited Finance Co	5.880	6.484	05/15/2013	50	49	53
Bunge Limited Finance Co	8.500	7.215	06/15/2019	373	401	455
Bunge NA Finance LP	5.900	7.617	04/01/2017	54	50	59
Burlington Northern Santa Fe	5.900	4.746	07/01/2012	150	152	157
Burlington Northern Santa Fe	5.650	4.368	05/01/2017	225	240	256
Burlington Northern Santa Fe	4.700	4.722	10/01/2019	350	349	371
Burlington Northern Santa Fe	7.290	6.510	06/01/2036	80	88	97
C & P Telephone	7.150	7.864	05/01/2023	400	378	424
Canadian Natural Resources Ltd	5.700	3.408	05/15/2017	300	336	341
Canadian Natural Resources Ltd	5.900	4.608	02/01/2018	615	660	702
Capital One Bank USA NA	6.500	10.704	06/13/2013	100	93	109
Capital One Financial Corp	7.380	5.321	05/23/2014	295	311	337
Capital One Financial Corp	5.500	10.399	06/01/2015	200	169	219
Capital One Financial Corp	6.750	4.901	09/15/2017	1,055	1,157	1,220
Cargill Inc	7.350	5.427	03/06/2019	250	280	307
Cargill Inc	4.310	4.716	05/14/2021	106	103	107
Carolina Power & Light	5.300	4.589	01/15/2019	200	209	223
Caterpillar Financial Services	5.850	4.754	09/01/2017	820	867	956
Caterpillar Financial Services	5.450	3.907	04/15/2018	280	306	317
Caterpillar Financial Services	7.150	6.143	02/15/2019	395	418	487
CBS Corp	5.750	5.766	04/15/2020	53	53	57
Centel Capital Corp	9.000	6.495	10/15/2019	200	232	233
Centerpoint Energy Houston	5.750	5.100	01/15/2014	185	188	205
Centerpoint Energy Houston	7.000	5.151	03/01/2014	185	193	211
Centerpoint Energy Resources	5.950	3.744	01/15/2014	165	174	182
Cisco Systems Inc	5.500	4.491	02/22/2016	210	219	239
Cisco Systems Inc	4.450	4.555	01/15/2020	250	248	260
Cisco Systems Inc	5.500	5.644	01/15/2040	300	294	300
Citigroup Inc	6.380	6.536	08/12/2014	295	294	326
Citigroup Inc	6.010	3.809	01/15/2015	300	322	330
Citigroup Inc	4.750	4.876	05/19/2015	87	87	92
Citigroup Inc	4.590	4.145	12/15/2015	300	305	315
Citigroup Inc	3.950	3.505	06/15/2016	263	268	269
Citigroup Inc	6.000	6.090	08/15/2017	1,290	1,282	1,413
Citigroup Inc	6.130	7.036	11/21/2017	555	528	613
Citigroup Inc	8.500	6.841	05/22/2019	470	514	583
Citigroup Inc	5.380	5.507	08/09/2020	300	297	313
Citigroup Inc	7.000	6.049	12/01/2025	490	534	549
Citigroup Inc	8.130	8.310	07/15/2039	350	343	438
Cleveland Electric Illum	7.880	5.053	11/01/2017	300	345	368
Cleveland Electric Illum	8.880	7.005	11/15/2018	225	249	288

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
CME Group Inc	5.750	1.969	02/15/2014	307	337	341
CNA Financial Corp	5.850	3.764	12/15/2014	250	267	271
CNA Financial Corp	6.500	4.776	08/15/2016	285	307	318
CNA Financial Corp	5.880	5.917	08/15/2020	170	170	177
Coca-Cola Company	3.630	3.725	03/15/2014	100	100	106
Coca-Cola Company	4.880	4.993	03/15/2019	100	99	111
Coca-Cola Enterprises	4.250	2.511	03/01/2015	250	265	272
Columbus Southern Power	6.050	6.649	05/01/2018	205	198	234
Comcast Cable Comm Holdings	9.460	7.130	11/15/2022	775	911	1,078
Comcast Cable Holdings	10.130	5.959	04/15/2022	240	319	332
Comcast Corp	5.900	4.617	03/15/2016	625	658	711
Comcast Corp	4.950	3.412	06/15/2016	95	102	104
Comcast Corp	6.500	5.409	01/15/2017	200	210	233
Comerica Bank	5.200	4.930	08/22/2017	250	254	267
Commonwealth REIT	6.650	9.678	01/15/2018	430	367	478
Commonwealth REIT	5.880	6.166	09/15/2020	325	318	334
ConocoPhillips	5.200	3.086	05/15/2018	501	566	562
Conocophillips	6.650	3.716	07/15/2018	294	347	352
ConocoPhillips	5.750	5.911	02/01/2019	100	99	115
ConocoPhillips	6.000	4.630	01/15/2020	875	959	1,023
Cons Edison Co of NY	6.300	5.749	08/15/2037	150	161	168
Cons Edison Co of NY	5.500	5.713	12/01/2039	350	340	359
Consumers Energy Company	6.700	5.661	09/15/2049	394	458	472
Countrywide Financial Corp	6.250	5.331	05/15/2016	600	623	632
Cox Communications Inc	5.450	3.845	12/15/2014	225	237	251
Credit Suisse New York	3.450	3.496	07/02/2012	200	200	205
Credit Suisse New York	5.500	5.524	05/01/2014	170	170	187
Credit Suisse New York	5.400	5.020	01/14/2020	230	236	233
Credit Suisse USA Inc	5.130	5.058	01/15/2014	155	155	168
Credit Suisse USA Inc	4.880	6.376	01/15/2015	250	238	270
Credit Suisse USA Inc	5.130	4.005	08/15/2015	525	547	577
Credit Suisse USA Inc	5.850	4.638	08/16/2016	400	421	450
Credit Suisse USA Inc	7.130	5.535	07/15/2032	275	329	328
Crown Castle Towers LLC	3.210	3.009	08/15/2015	350	353	355
CSX Corp	6.300	4.952	03/15/2012	100	101	104
CSX Corp	6.250	4.274	03/15/2018	420	467	485
CSX Corp	7.380	6.722	02/01/2019	200	208	244
CVS Caremark Corp	6.130	6.066	09/15/2039	735	741	753
Daimler Finance NA Holdings	7.300	1.894	01/15/2012	245	252	254
Daimler Finance NA Holdings	6.500	7.740	11/15/2013	275	268	306
Danaher Corp	3.900	3.903	06/23/2021	275	275	274
Dell Inc	5.650	4.846	04/15/2018	317	332	352
Dell Inc	5.880	4.037	06/15/2019	200	225	224
Delta Air Lines 2011-1	5.300	5.300	04/15/2019	74	74	74
Delta Air Lines Inc	4.950	4.950	05/23/2019	133	133	133
Deutsche Bank AG London	2.380	2.409	01/11/2013	435	435	441
Deutsche Bank AG London	3.880	3.962	08/18/2014	305	304	321
Deutsche Telekom Int Fin	6.750	4.691	08/20/2018	200	225	236
Deutsche Telekom Int Fin	6.000	5.650	07/08/2019	635	649	725
Devon Energy Corporation	6.300	3.439	01/15/2019	295	351	347
Diageo Capital PLC	5.200	1.199	01/30/2013	200	212	213
Diageo Capital PLC	4.830	4.387	07/15/2020	402	415	422
Diageo Finance BV	5.500	2.552	04/01/2013	265	278	286
Directv Holdings/Fing	4.600	4.608	02/15/2021	400	400	402
Directv Holdings/Fing	6.000	6.098	08/15/2040	750	740	760
DnB NOR Boligkreditt AS	2.100	2.193	10/14/2015	300	299	296
Dominion Resources Inc	6.400	4.717	06/15/2018	465	511	539
Dominion Resources Inc	5.200	3.297	08/15/2019	50	57	54
Dow Chemical Company	7.600	2.207	05/15/2014	235	270	273
Dow Chemical Company	8.550	5.719	05/15/2019	417	491	538
Dow Chemical Company	4.250	4.284	11/15/2020	64	64	62
Duke Energy Carolinas	7.000	4.034	11/15/2018	250	297	305
Duke Energy Carolinas	4.300	4.304	06/15/2020	211	211	219
Duke Energy Ohio Inc	5.450	5.009	04/01/2019	395	406	443
DuPont EI de Nemours Co	6.000	3.208	07/15/2018	608	714	702

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
DuPont EI de Nemours Co	4.900	4.987	01/15/2041	125	123	119
eBay Inc	3.250	4.072	10/15/2020	630	590	588
Encana Corp	6.500	5.141	05/15/2019	500	544	587
Enel Finance Intl SA	5.130	5.144	10/07/2019	700	699	708
Eni SpA	5.700	5.741	10/01/2040	250	249	233
EOG Resources Inc	5.630	5.356	06/01/2019	200	203	224
Erac USA Finance Company	2.250	2.317	01/10/2014	286	286	289
Exelon Generation Co LLC	4.000	4.013	10/01/2020	288	288	272
Exelon Generation Co LLC	5.750	5.778	10/01/2041	86	86	82
Fifth Third Bancorp	3.630	2.956	01/25/2016	455	468	459
Florida Power & Light	5.960	5.307	04/01/2039	335	367	371
Florida Power Corp	6.400	5.331	06/15/2038	280	323	324
FMR LLC	6.450	6.504	11/15/2039	250	248	252
FPL Group Capital Inc	6.000	6.006	03/01/2019	125	125	139
France Telecom	4.380	3.419	07/08/2014	400	411	433
France Telecom	8.500	5.770	03/01/2031	130	171	175
Fuel Trust	4.210	4.207	04/15/2016	220	220	221
General Electric Capital Corp	5.880	2.016	02/15/2012	162	166	167
General Electric Capital Corp	0.370	3.215	04/10/2012	500	489	501
General Electric Capital Corp	5.900	5.926	05/13/2014	1,500	1,499	1,666
General Electric Capital Corp	5.500	3.739	06/04/2014	675	708	742
General Electric Capital Corp	2.250	2.266	11/09/2015	675	675	664
General Electric Capital Corp	5.630	5.791	09/15/2017	400	396	442
General Electric Capital Corp	5.630	4.738	05/01/2018	930	974	1,017
General Electric Capital Corp	6.000	5.091	08/07/2019	2,435	2,580	2,696
General Electric Capital Corp	5.500	5.614	01/08/2020	1,320	1,310	1,414
General Electric Capital Corp	4.380	4.424	09/16/2020	445	443	440
General Electric Capital Corp	5.880	8.520	01/14/2038	200	145	202
General Electric Company	5.250	5.983	12/06/2017	305	293	338
General Mills Inc	5.200	4.836	03/17/2015	100	101	111
General Mills Inc	5.650	4.103	02/15/2019	470	517	531
Georgia Power Company	5.250	5.030	12/15/2015	200	202	226
Glaxosmithkline Cap Inc	4.380	3.625	04/15/2014	215	219	234
Glaxosmithkline Cap Inc	6.380	5.354	05/15/2038	275	315	317
Goldman Sachs Group Inc	5.250	2.371	10/15/2013	300	319	322
Goldman Sachs Group Inc	3.630	3.576	02/07/2016	415	416	420
Goldman Sachs Group Inc	5.750	5.226	10/01/2016	50	51	54
Goldman Sachs Group Inc	6.250	7.134	09/01/2017	290	277	320
Goldman Sachs Group Inc	5.950	5.036	01/18/2018	200	210	216
Goldman Sachs Group Inc	6.150	5.852	04/01/2018	535	543	582
Goldman Sachs Group Inc	7.500	5.607	02/15/2019	2,920	3,257	3,398
Goldman Sachs Group Inc	5.380	5.493	03/15/2020	450	446	465
Goldman Sachs Group Inc	6.750	6.519	10/01/2037	140	144	140
Goldman Sachs Group LP	8.000	3.407	03/01/2013	210	226	231
GTE Corporation	6.840	3.750	04/15/2018	200	237	233
GTE Corporation	8.750	5.975	11/01/2021	250	303	333
GTP Acquisition Partners	4.350	4.347	06/15/2041	606	606	606
Halliburton Company	6.150	4.627	09/15/2019	360	397	418
Halliburton Company	7.450	7.646	09/15/2039	100	98	125
Hewlett-Packard Company	2.950	2.956	08/15/2012	225	225	231
Hewlett-Packard Company	6.130	2.327	03/01/2014	375	412	421
Hewlett-Packard Company	4.750	1.527	06/02/2014	105	115	115
Hewlett-Packard Company	5.400	4.620	03/01/2017	280	291	318
Historic Time Warner Inc	9.150	6.368	02/01/2023	945	1,158	1,272
Home Depot Inc	5.400	5.917	03/01/2016	500	489	559
Honeywell International Inc	5.400	3.475	03/15/2016	360	390	411
Household Finance Corporation	4.750	7.304	07/15/2013	17	16	18
HSBC Bank PLC	1.630	1.673	07/07/2014	364	363	363
HSBC Bank PLC	3.500	3.518	06/28/2015	116	116	119
HSBC Bank PLC	3.100	3.108	05/24/2016	229	229	227
HSBC Bank PLC	4.130	4.199	08/12/2020	389	387	377
HSBC Bank PLC	4.750	4.761	01/19/2021	300	300	300
HSBC Bank USA	4.630	3.425	04/01/2014	320	330	341
HSBC Finance Corp	0.500	7.200	01/15/2014	500	422	492
HSBC Finance Corp	5.000	7.372	06/30/2015	455	417	490

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

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(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
HSBC Finance Corp	5.500	4.032	01/19/2016	300	318	328
IBM Corp	7.630	5.057	10/15/2018	330	381	420
IBM Corp	8.380	4.194	11/01/2019	150	194	199
IBM Corp	8.000	5.720	10/15/2038	300	394	404
Indiana Michigan Power	7.000	4.840	03/15/2019	145	165	173
Intuit Inc	5.750	4.137	03/15/2017	533	576	598
Jackson National Life Global	6.130	1.249	05/30/2012	535	559	561
Jackson National Life Global	5.380	2.699	05/08/2013	500	524	535
Jefferies Group Inc	5.130	5.082	04/13/2018	340	341	341
Jefferies Group Inc	8.500	7.231	07/15/2019	390	420	461
Jefferies Group Inc	6.450	8.192	06/08/2027	330	279	330
John Deere Capital Corp	5.250	5.329	10/01/2012	225	225	238
John Deere Capital Corp	5.100	1.753	01/15/2013	185	194	197
John Deere Capital Corp	5.750	4.607	09/10/2018	233	249	267
Johnson Controls Inc	5.000	4.342	03/30/2020	500	524	531
Johnson Controls Inc	4.250	4.101	03/01/2021	80	81	80
KCP&L Greater Missouri	11.880	2.285	07/01/2012	270	295	297
Kellogg Company	4.250	3.896	03/06/2013	100	101	106
Kellogg Company	3.250	3.290	05/21/2018	123	123	124
Key Bank NA	5.800	5.972	07/01/2014	350	348	384
Keycorp	6.500	1.971	05/14/2013	200	217	218
Kimberly Clark Corporation	7.500	4.845	11/01/2018	250	291	314
Kohl's Corporation	6.250	5.839	12/15/2017	90	92	106
Kraft Foods Inc	6.750	4.586	02/19/2014	250	263	283
Kraft Foods Inc	6.500	4.307	08/11/2017	450	503	529
Kraft Foods Inc	6.130	5.169	08/23/2018	435	460	499
Kraft Foods Inc	5.380	4.836	02/10/2020	734	761	802
Kroger Co	7.500	3.796	01/15/2014	278	303	318
Kroger Co	6.400	6.119	08/15/2017	100	101	117
Kroger Co	6.150	5.095	01/15/2020	475	509	547
Lilly Eli and Company	3.550	3.578	03/06/2013	100	100	102
Lincoln National Corp	4.850	4.867	06/24/2021	89	89	88
Lockheed Martin Corp	4.250	3.665	11/15/2019	305	318	313
Lockheed Martin Corp	5.720	5.765	06/01/2040	300	298	309
Lowe's Companies Inc	7.110	5.609	05/15/2037	195	235	236
M & T Bank Corporation	5.380	3.575	05/24/2012	190	193	198
Macquarie Group	7.300	4.349	08/01/2014	480	520	537
Macquarie Group	6.250	6.395	01/14/2021	237	235	237
Manitoba Providence CDA	2.130	2.165	04/22/2013	43	43	44
Manuf & Traders Trust Co	6.630	7.668	12/04/2017	465	441	534
Marathon Oil Corp	6.000	3.633	10/01/2017	200	226	230
Marathon Oil Corp	5.900	3.517	03/15/2018	110	126	125
Mass Mutual Global Funding	3.630	2.397	07/16/2012	350	354	360
Mass Mutual Global Funding	2.880	2.960	04/21/2014	122	122	128
Mass Mutual Global Funding	2.300	2.313	09/28/2015	144	144	144
Massachusetts Electric	5.900	5.924	11/15/2039	182	181	189
Medco Health Solutions Inc	7.130	3.921	03/15/2018	485	576	567
Merrill Lynch & Company Inc	6.400	5.381	08/28/2017	900	947	982
Merrill Lynch & Company Inc	6.880	6.034	04/25/2018	650	680	719
Met Life Global Funding I	2.880	2.975	09/17/2012	500	499	511
Met Life Global Funding I	2.500	2.587	01/11/2013	415	414	423
Met Life Global Funding I	5.130	3.281	04/10/2013	600	619	638
Met Life Global Funding I	5.130	3.070	06/10/2014	200	211	219
Met Life Global Funding I	3.650	3.670	06/14/2018	1,000	999	999
Metlife Institutional Funding	1.150	1.203	04/04/2014	250	250	251
Microsoft Corporation	1.630	1.717	09/25/2015	360	359	356
Monsanto Company	5.130	5.008	04/15/2018	160	161	178
Monumental Global Funding	5.500	4.142	04/22/2013	100	102	107
Morgan Stanley	6.000	4.811	05/13/2014	825	851	899
Morgan Stanley	4.200	4.209	11/20/2014	331	331	344
Morgan Stanley	5.450	4.660	01/09/2017	800	830	846
Morgan Stanley	6.250	7.602	08/28/2017	430	402	465
Morgan Stanley	5.950	5.856	12/28/2017	185	186	199
Morgan Stanley	6.630	5.922	04/01/2018	650	675	716
Morgan Stanley	5.630	6.197	09/23/2019	1,310	1,262	1,344

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Morgan Stanley Mortgage Loan	4.750	8.248	04/01/2014	250	229	261
National Australia Bank	2.500	2.500	01/08/2013	500	500	510
National Australia Bank	2.750	2.778	09/28/2015	200	200	200
National Bank of Canada	1.650	1.659	01/30/2014	451	451	457
National City Bank	5.800	5.680	06/07/2017	850	855	949
National Rural Utilities	2.630	2.677	09/16/2012	60	60	61
National Rural Utilities	10.380	4.893	11/01/2018	410	545	568
Nationwide Mutual Insurance	9.380	7.783	08/15/2039	180	213	223
NBC Universal	4.380	4.528	04/01/2021	150	148	148
NBC Universal	5.950	5.970	04/01/2041	175	175	178
Nevada Power Company	7.130	5.401	03/15/2019	300	332	358
Nevada Power Company	5.380	5.396	09/15/2040	51	51	50
New York Life Global Fdg	4.650	3.682	05/09/2013	285	290	305
New York Life Global Fdg	3.000	2.610	05/04/2015	515	522	533
News America Inc	7.250	5.514	05/18/2018	64	70	76
News America Inc	8.880	7.599	04/26/2023	450	492	589
News America Inc	7.750	5.876	01/20/2024	150	175	184
News America Inc	7.300	7.225	04/30/2028	250	252	278
News America Inc	6.650	6.115	11/15/2037	125	134	134
Niagara Mohawk Power	4.880	4.881	08/15/2019	100	100	106
Nomura Holdings Inc	5.000	2.878	03/04/2015	195	209	206
Nomura Holdings Inc	4.130	4.156	01/19/2016	500	499	506
Nomura Holdings Inc	6.700	6.403	03/04/2020	445	454	486
Nordea Bank AB	4.880	4.938	05/13/2021	355	353	341
Norfolk Southern Corp	7.250	5.572	02/15/2031	425	509	524
Northern States Power- Minn	6.250	5.620	06/01/2036	360	390	414
Northern States Power- Minn	5.350	5.363	11/01/2039	64	64	66
Northern Trust Company	6.500	4.266	08/15/2018	250	284	290
Northern Trust Corp	5.500	4.130	08/15/2013	102	105	112
Northrop Grumman Corp	5.050	4.109	08/01/2019	290	309	312
Nova Scotia Province	9.250	4.643	03/01/2020	200	265	276
Nucor Corporation	5.750	4.303	12/01/2017	242	261	280
Nucor Corporation	5.850	3.483	06/01/2018	300	343	343
Oncor Electric Delivery	6.800	4.952	09/01/2018	315	350	368
Ontario Providence Canada	2.950	2.975	02/05/2015	1,000	999	1,049
Ontario Providence Canada	2.700	2.710	06/16/2015	500	500	519
Oracle Corporation	4.950	0.926	04/15/2013	125	134	134
Oracle Corporation	5.750	5.177	04/15/2018	250	258	286
Oracle Corporation	5.000	4.688	07/08/2019	400	408	437
Oracle Corporation	6.500	5.656	04/15/2038	605	675	702
Oracle Corporation	5.380	5.278	07/15/2040	270	274	273
Pacific Gas & Electric Corp	8.250	4.653	10/15/2018	345	421	443
Pacific Life Global Funding	5.150	4.540	04/15/2013	170	172	181
Pacific Life Global Funding	5.000	4.976	05/15/2017	400	400	419
PacifiCorp	5.500	4.874	01/15/2019	350	364	393
PacifiCorp	6.100	5.153	08/01/2036	316	358	348
PC Financial Partnership	5.000	2.386	11/15/2014	180	195	198
Pennsylvania Electric Co	6.050	3.448	09/01/2017	210	240	235
Pepco Holdings	7.900	5.749	12/15/2038	335	434	453
Pepsico Inc	7.900	4.258	11/01/2018	171	210	220
Petro-Canada	6.050	5.382	05/15/2018	447	464	506
Petro-Canada	6.800	6.466	05/15/2038	225	235	254
PG&E Corp	5.750	5.875	04/01/2014	150	150	166
Pharmacia Corporation	6.500	4.660	12/01/2018	700	780	829
Philips Electornics NV	7.200	4.879	06/01/2026	180	224	215
Philips Electronics NV	5.750	3.507	03/11/2018	80	91	90
Pitney Bowes Inc	4.880	2.626	08/15/2014	200	213	215
Pitney Bowes Inc	5.600	4.431	03/15/2018	100	107	108
Pitney Bowes Inc	6.250	5.189	03/15/2019	240	256	263
PNC Bank NA	6.880	4.989	04/01/2018	250	277	295
PNC Funding Corp	5.250	5.092	11/15/2015	300	301	327
PNC Funding Corp	5.630	3.845	02/01/2017	300	327	330
PNC Funding Corp	5.130	5.150	02/08/2020	160	160	171
Potash Corp-Saskatchewan	3.750	2.830	09/30/2015	500	518	531
PPG Industries Inc	7.400	4.939	08/15/2019	260	302	309

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
PPG Industries Inc	9.000	6.096	05/01/2021	625	758	821
Praxair Inc	3.950	3.652	06/01/2013	130	131	138
Praxair Inc	4.380	4.446	03/31/2014	200	200	216
Praxair Inc	5.200	3.733	03/15/2017	510	548	578
Pricoa Global Funding	5.450	5.499	06/11/2014	350	350	383
Principal Life Global	6.250	7.272	02/15/2012	600	596	621
Principal Life Global	5.050	8.354	03/15/2015	500	448	537
Principal Life Inc Fdg	5.100	3.519	04/15/2014	400	417	435
Progress Energy Inc	6.050	6.115	03/15/2014	150	150	167
Progress Energy Inc	7.750	5.834	03/01/2031	100	122	125
Prudential Insurance Company	8.300	5.843	07/01/2025	650	801	803
PSEG Power LLC	5.130	4.780	04/15/2020	504	516	529
Public Service Colorado	3.200	3.247	11/15/2020	45	45	43
Public Service Electric & Gas	5.380	5.083	11/01/2039	169	176	172
Public Service Oklahoma	5.150	5.186	12/01/2019	118	118	125
Public Service Oklahoma	4.400	4.494	02/01/2021	137	136	139
Quebec Province	6.350	4.145	01/30/2026	900	1,116	1,114
Rabobank Nederland	3.200	3.310	03/11/2015	500	498	517
Rabobank Nederland	2.130	2.177	10/13/2015	114	114	113
Rabobank Nederland	4.500	4.534	01/11/2021	219	218	224
Rabobank Nederland	5.800	6.007	09/30/2110	300	290	291
Rio Tinto Fin USA Ltd	8.950	2.508	05/01/2014	605	711	727
Rio Tinto Fin USA Ltd	3.500	3.593	11/02/2020	51	51	49
Ryder System Inc	3.600	3.623	03/01/2016	180	180	184
Ryder System Inc	3.500	3.533	06/01/2017	96	96	97
SabMiller PLC	5.500	2.675	08/15/2013	500	529	542
San Diego Gas & Electric	5.350	5.359	05/15/2040	27	27	28
Schwab Charles Corp	4.950	2.869	06/01/2014	200	212	219
Sempra Energy	8.900	4.559	11/15/2013	347	380	401
Sempra Energy	6.500	6.539	06/01/2016	100	100	116
Sempra Energy	9.800	5.158	02/15/2019	450	579	604
Shell International Fin	1.880	1.916	03/25/2013	75	75	77
Shell International Fin	4.000	3.735	03/21/2014	575	579	619
Shell International Fin	3.100	3.115	06/28/2015	73	73	76
Shell International Fin	4.300	4.343	09/22/2019	285	284	299
Shell International Fin	4.380	4.434	03/25/2020	290	289	305
Shell International Fin	6.380	6.026	12/15/2038	140	147	162
Siemens Financieringsmat	6.130	5.126	08/17/2026	470	519	532
Simon Property Group LP	6.750	6.410	05/15/2014	140	141	159
Simon Property Group LP	5.630	4.874	08/15/2014	50	51	56
Simon Property Group LP	6.100	9.051	05/01/2016	325	288	373
Simon Property Group LP	6.130	5.748	05/30/2018	140	143	157
Simon Property Group LP	7.380	6.200	06/15/2018	166	177	199
Simon Property Group LP	5.650	4.548	02/01/2020	275	296	297
Southern Cal Edison	4.150	4.153	09/15/2014	100	100	108
Southern Cal Edison	6.050	6.110	03/15/2039	250	248	280
Southern Cal Edison	5.500	5.634	03/15/2040	170	167	177
Southern Company	4.150	3.105	05/15/2014	500	514	536
Southtrust Bank NA	7.690	5.873	05/15/2025	400	468	448
Southwestern Electric Power	6.450	5.261	01/15/2019	115	123	130
Southwestern Public Service	8.750	5.352	12/01/2018	288	347	369
Spectra Energy Capital	6.200	5.525	04/15/2018	445	461	505
Spectra Energy Capital	6.750	8.473	07/15/2018	160	146	181
Spectra Energy Capital	8.000	5.666	10/01/2019	450	518	550
Stadshypotek AB	1.450	1.457	09/30/2013	697	697	702
Staples Inc	9.750	6.056	01/15/2014	325	353	387
State Street Corp	4.300	3.333	05/30/2014	500	513	541
Statoil ASA	3.130	3.160	08/17/2017	217	217	219
SunTrust Banks Inc	5.250	2.676	11/05/2012	371	384	390
SunTrust Banks Inc	3.600	3.466	04/15/2016	280	282	283
Talisman Energy Inc	7.750	4.565	06/01/2019	475	574	579
Target Corp	7.000	5.065	01/15/2038	440	564	527
TCI Communications Inc	7.880	7.698	02/15/2026	100	102	128
Telecom Italia Capital	4.950	4.108	09/30/2014	625	641	652
Telecom Italia Capital	7.000	8.462	06/04/2018	100	92	109

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Telefonica Emisiones SAU	5.860	3.741	02/04/2013	200	206	212
Telefonica Emisiones SAU	6.220	5.136	07/03/2017	300	316	331
Telefonica Emisiones SAU	5.880	5.877	07/15/2019	50	50	53
Telefonica Emisiones SAU	5.460	5.462	02/16/2021	117	117	119
Tennessee Valley Authority	5.250	5.275	09/15/2039	98	98	104
Thomson Corporation	4.700	4.744	10/15/2019	150	150	158
Time Warner Cable Inc	8.250	4.366	02/14/2014	730	799	849
Time Warner Cable Inc	6.750	4.658	07/01/2018	150	169	174
Time Warner Cable Inc	8.750	4.412	02/14/2019	300	383	382
Time Warner Cable Inc	7.300	6.397	07/01/2038	300	335	349
Time Warner Entertainment Co	8.380	6.560	07/15/2033	325	393	415
Toronto-Dominion Bank	2.200	2.230	07/29/2015	1,200	1,199	1,216
Total Capital SA	2.300	2.129	03/15/2016	540	544	540
Toyota Motor Credit Corp	3.200	2.095	06/17/2015	70	73	73
Trans-Canada Pipelines	6.500	6.574	08/15/2018	250	249	294
Trans-Canada Pipelines	7.130	3.903	01/15/2019	220	266	270
Trans-Canada Pipelines	7.630	7.632	01/15/2039	50	50	62
Transocean Inc	6.500	6.390	11/15/2020	960	967	1,074
Travelers PPTY Casualty	7.750	5.666	04/15/2026	410	495	516
Tyco International Group SA	8.500	4.733	01/15/2019	495	612	628
Tyco/Tyco International Fin SA	7.000	4.057	12/15/2019	200	242	238
UBS AG Stamford CT	3.880	3.970	01/15/2015	500	498	522
UBS AG Stamford CT	5.880	5.576	12/20/2017	300	305	329
UBS AG Stamford CT	5.750	4.472	04/25/2018	100	107	108
Union Pacific Corp	4.160	4.011	07/15/2022	358	363	354
Union Pacific Corp	5.780	4.235	07/15/2040	310	390	325
United Mexican States	6.380	3.627	01/16/2013	630	656	679
United Technologies Corp	6.130	4.005	02/01/2019	485	551	567
United Technologies Corp	5.400	5.468	05/01/2035	170	168	178
UNP RR CO 2003 PASS TRUST	4.700	5.675	01/02/2024	84	80	91
UPS of America Inc	8.380	4.731	04/01/2020	125	157	169
UPS of America Inc	8.380	5.178	04/01/2030	230	309	308
US Bancorp	2.880	2.977	11/20/2014	450	449	471
US Bancorp	2.450	2.059	07/27/2015	456	463	460
US Bancorp	4.130	4.172	05/24/2021	130	130	129
Verizon Communications	5.550	3.794	02/15/2016	165	177	186
Verizon Communications	5.500	4.895	02/15/2018	720	744	801
Verizon Communications	8.750	4.820	11/01/2018	345	428	449
Verizon Communications	7.350	7.564	04/01/2039	400	390	481
Verizon New England Inc	7.880	6.381	11/15/2029	330	383	379
Verizon Virginia Inc	4.630	4.968	03/15/2013	375	373	395
Viacom Inc	7.880	6.380	07/30/2030	380	442	454
Virginia Electric & Power Co	5.400	4.990	04/30/2018	490	502	549
Vodafone Group	5.750	6.019	03/15/2016	200	198	226
Vodafone Group	5.450	4.869	06/10/2019	369	383	410
Volkswagen Intl Fin NV	1.630	1.728	08/12/2013	100	100	101
Wachovia Bank NA	0.580	2.792	03/15/2016	850	766	808
Wachovia Corp	5.500	4.276	05/01/2013	1,400	1,430	1,505
Wachovia Corp	5.250	2.817	08/01/2014	102	109	109
Wachovia Corp	5.750	5.126	06/15/2017	775	800	862
Wachovia Corp	5.750	5.576	02/01/2018	775	781	857
Wal-Mart Stores	7.550	5.479	02/15/2030	350	434	448
Wal-Mart Stores	5.250	5.736	09/01/2035	425	398	425
Waste Management Inc	7.380	7.011	03/11/2019	60	61	73
Waste Management Inc	4.750	4.596	06/30/2020	622	629	646
WEA Finance/WT Fin Aust	6.750	5.960	09/02/2019	438	460	497
WellPoint Inc	5.880	5.226	06/15/2017	500	516	572
Wells Fargo & Company	5.000	7.000	11/15/2014	100	94	108
Wells Fargo & Company	3.680	3.008	06/15/2016	390	402	401
Wells Fargo & Company	5.630	5.423	12/11/2017	865	874	955
Wells Fargo & Company	4.600	4.319	04/01/2021	380	388	382
Westpac Banking	4.880	4.884	11/19/2019	406	406	422
Wyeth	5.500	1.972	02/01/2014	190	207	211
Xcel Energy Inc	4.700	4.741	05/15/2020	45	45	47
Xerox Corporation	6.750	4.601	02/01/2017	191	211	223

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Xerox Corporation	5.630	5.438	12/15/2019	350	354	383
<i>Total Corporate Bonds</i>					190,892	200,540
<i>Corporate Asset Backed Issues</i>						
AH Mortgage Advance Trust	2.630	2.650	05/10/2012	691	691	693
AH Mortgage Advance Trust	3.970	3.980	08/15/2012	895	895	908
AH Mortgage Advance Trust	3.370	3.400	05/10/2013	2,334	2,334	2,344
Ally Auto Receivables Trust	2.330	2.347	09/15/2012	459	459	463
Ally Auto Receivables Trust	0.810	0.816	10/15/2013	450	450	451
Ally Auto Receivables Trust	1.110	1.115	11/15/2013	920	920	924
Ally Auto Receivables Trust	1.450	1.458	05/15/2014	380	380	383
Ally Auto Receivables Trust	1.550	1.576	10/15/2014	357	357	359
Ally Auto Receivables Trust	1.380	1.393	01/15/2015	285	285	287
Americredit Auto Receivables	0.970	0.972	01/15/2013	13	13	13
Americredit Auto Receivables	1.660	1.669	03/17/2014	95	95	95
Americredit Auto Receivables	0.840	0.849	11/10/2014	787	787	787
Americredit Auto Receivables	1.140	1.155	04/08/2015	445	445	446
Banc of America Auto Trust	0.910	0.921	10/15/2012	126	126	126
Banc of America Auto Trust	1.310	1.315	07/15/2014	310	310	312
Banc of America Auto Trust	1.940	1.954	06/15/2017	510	510	520
Bank of America Auto Trust	2.670	2.691	07/15/2013	267	267	269
Bank of America Auto Trust	2.130	2.140	09/16/2013	363	363	365
Bank of America Auto Trust	1.670	1.679	12/15/2013	195	195	196
Bank of America Auto Trust	1.390	1.396	03/15/2014	365	364	366
Bank of America Auto Trust	3.520	3.555	06/15/2016	200	200	206
Bank of America Auto Trust	2.180	2.198	02/15/2017	310	310	317
Carmax Auto Owner Trust	1.560	1.572	07/15/2014	280	280	282
Chase Funding Mortgage Loan	4.500	5.860	11/25/2034	516	505	513
Chase Funding Mortgage Loan	5.350 A	6.675	11/25/2034	500	456	441
Chase Funding Mortgage Loan	4.280	6.248	11/25/2034	773	683	740
Chrysler Financial Auto Sec	2.820	2.842	01/15/2016	145	145	146
Citifinancial Auto Issuance	2.590	2.604	10/15/2013	930	930	940
CNH Equipment Trust	5.280	5.342	11/15/2012	18	18	18
CNH Equipment Trust	1.850	1.858	12/16/2013	66	66	66
CNH Equipment Trust	1.540	1.552	07/15/2014	409	409	411
CNH Equipment Trust	1.200	1.209	05/16/2016	375	375	376
CNH Equipment Trust	2.040	2.055	10/17/2016	256	256	257
Ford Credit Auto Owner Trust	2.790	2.811	08/15/2013	212	212	214
Ford Credit Auto Owner Trust	4.500	4.548	07/15/2014	300	300	315
GMAC Mortgage Corp Loan Trust	0.530	11.001	10/25/2035	600	529	513
Honda Auto Receivables Trust	2.310	2.329	05/15/2013	112	112	113
Honda Auto Receivables Trust	3.300	3.329	09/15/2015	250	250	258
Hyuandai Auto Receivables Trst	0.970	0.984	11/15/2013	360	360	361
Hyuandai Auto Receivables Trst	1.630	1.638	07/15/2015	400	400	400
John Deere Owner Trust	2.590	2.614	10/15/2013	61	61	62
John Deere Owner Trust	1.570	1.577	10/15/2013	422	422	424
John Deere Owner Trust	1.290	1.296	01/15/2016	365	365	367
John Deere Owner Trust	1.960	1.974	04/16/2018	285	285	289
LAI Vehicle Lease Securitizat	2.550	2.670	09/15/2016	667	666	667
Mercedes-Benz Auto Rec Trust	1.420	1.433	07/15/2013	250	250	252
NCUA Guaranteed Notes	0.540 A	0.540	12/07/2020	278	278	279
Newcastle Investment Trust	2.450	2.447	12/10/2033	306	306	308
Nissan Auto Receivables Trust	0.870	0.878	07/15/2014	380	380	380
Nissan Auto Receivables Trust	1.310	1.319	09/15/2016	300	300	301
Residential Asset Sec Corp	0.560	6.074	10/25/2035	500	482	477
Santander Drive Auto Rec Trust	2.060	2.070	08/15/2013	251	251	250
Santander Drive Auto Rec Trust	2.390	1.421	06/15/2017	400	410	409
Saxon Asset Securities Trust	4.790 A	4.205	06/25/2033	373	379	378
Toyota Auto Rec Owner Trust	0.770	0.775	04/15/2014	765	765	766
USAA Auto Owner Trust	1.540	1.546	02/18/2014	299	299	300
USAA Auto Owner Trust	2.530	2.544	07/15/2015	295	295	303
Westlake Auto Receivables Trst	1.080	1.083	07/15/2013	217	217	217
Westlake Auto Receivables Trst	1.490	1.496	06/16/2014	303	303	303
World Omni Auto Receivable	3.330	3.363	05/15/2013	157	157	158
<i>Total Corporate Asset Backed Issues</i>					23,913	24,084

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<i>Corporate CMO</i>						
American General Mortgage Loan	5.150	3.637	03/25/2040	713	729	734
American General Mortgage Loan	5.750 A	4.065	09/25/2048	1,525	1,544	1,535
American General Mortgage Loan	5.750	4.877	09/25/2048	1,100	1,108	1,112
American General Mortgage Loan	5.750 A	8.304	09/25/2048	1,300	1,244	1,319
Amortizing Residential Coll Tr	3.450	5.118	02/25/2032	348	320	330
ASG Resecuritization Trust	5.360 A	5.321	05/24/2036	400	400	388
ASG Resecuritization Trust	5.360 A	9.762	05/24/2036	1,086	1,027	1,094
ASG Resecuritization Trust	0.430 A	0.583	10/28/2036	634	616	615
ASG Resecuritization Trust	5.330 A	8.442	03/26/2037	1,531	1,443	1,531
ASG Resecuritization Trust	5.270 A	19.179	06/26/2037	1,022	860	1,032
ASG Resecuritization Trust	6.000	9.136	06/28/2037	1,317	1,286	1,343
Banc of Amer Altern Loan Trust	5.000	4.750	09/25/2018	593	596	606
Banc of Amer Altern Loan Trust	5.500	7.118	02/25/2019	518	495	523
Banc of Amer Altern Loan Trust	5.500	5.566	09/25/2019	340	339	340
Banc of Amer Altern Loan Trust	5.500	7.899	09/25/2033	350	312	361
Banc of Amer Altern Loan Trust	5.500	5.696	11/25/2033	448	445	458
Banc of Amer Altern Loan Trust	6.000	6.572	01/25/2034	364	354	365
Banc of Amer Altern Loan Trust	6.000	6.771	01/25/2034	590	569	592
Banc of America Commercial Mtg	5.410	3.765	09/10/2016	150	161	160
Banc of America Commercial Mtg	4.670	5.024	07/10/2043	400	396	428
Banc of America Commercial Mtg	4.730	7.964	07/10/2043	600	536	600
Banc of America Commercial Mtg	5.890	6.051	07/10/2044	1,000	995	1,100
Banc of America Commercial Mtg	5.370	10.517	09/10/2045	660	548	715
Banc of America Commercial Mtg	5.120	5.057	10/10/2045	230	231	250
Banc of America Commercial Mtg	5.630	6.516	07/10/2046	700	678	766
Banc of America Funding Corp	5.500	5.809	10/25/2034	822	815	844
Banc of America Funding Corp	5.500	4.418	10/25/2034	157	157	157
Banc of America Funding Corp	5.020 A	5.425	12/20/2034	315	312	311
Banc of America Funding Corp	5.420 A	4.373	02/26/2035	1,030	1,070	1,079
Banc of America Mortgage Sec	0.640	1.669	08/25/2018	379	371	363
Banc of America Mortgage Sec	5.000	3.938	04/25/2019	214	219	218
Banc of America Mortgage Sec	6.500	6.758	09/25/2032	306	303	322
Banc of America Mortgage Sec	2.870 A	3.098	04/25/2033	356	353	356
Banc of America Mortgage Sec	5.500	4.675	05/25/2033	1,000	1,019	1,022
Banc of America Mortgage Sec	2.880 A	2.873	06/25/2033	354	354	334
Banc of America Mortgage Sec	2.890 A	3.017	04/25/2034	1,104	1,096	1,048
Banc of America Mortgage Sec	5.500	2.851	04/25/2034	1,400	1,463	1,434
Bank of America Corp	5.750	9.455	09/20/2034	534	471	548
BCAP LLC Trust	5.500 A	4.528	07/26/2011	523	522	524
BCAP LLC Trust	5.500	7.334	11/26/2034	1,299	1,233	1,318
BCAP LLC Trust	5.020 A	4.352	04/26/2035	599	604	596
BCAP LLC Trust	0.990	4.354	01/26/2036	621	566	603
BCAP LLC Trust	5.250	5.219	05/26/2037	236	236	237
BCAP LLC Trust	5.750	6.055	06/26/2037	1,067	1,054	1,069
BCAP LLC Trust	4.790 A	4.270	07/26/2045	1,746	1,773	1,718
Bear Stearns Adj Rate Mortgage	5.020 A	4.809	07/25/2033	399	400	397
Bear Stearns Adj Rate Mortgage	5.090 A	4.848	05/25/2034	343	346	348
Bear Stearns Adj Rate Mortgage	2.340 A	2.960	08/25/2035	541	523	508
Bear Stearns Commercial Mtg	5.450 A	4.656	03/11/2039	235	239	257
Bear Stearns Commercial Mtg	0.250 A	8.040	06/11/2041	14,951	236	232
Bear Stearns Commercial Mtg	5.540	10.089	10/12/2041	300	254	328
Chase Mortgage Finance Corp	5.000	2.938	03/25/2018	370	382	376
Chase Mortgage Finance Corp	2.780 A	3.260	02/25/2037	987	968	971
Chase Mortgage Finance Corp	3.020 A	3.090	02/25/2037	283	283	281
Chase Mortgage Finance Corp	2.760 A	4.332	07/25/2037	601	557	549
Citicorp Mortgage Securities	4.500	3.620	05/25/2033	67	67	67
Citicorp Mortgage Securities	5.500	2.272	06/25/2034	861	899	897
Citigroup Commercial Mortgage	4.830 A	4.789	05/15/2043	400	400	402
Citigroup Mortgage Loan Trust	5.250	16.348	10/25/2033	626	516	633
Citigroup Mortgage Loan Trust	5.080 A	4.903	08/25/2034	355	356	365
Citigroup Mortgage Loan Trust	2.730 A	2.849	02/25/2035	410	408	406
Citigroup Mortgage Loan Trust	5.500	5.498	05/25/2035	499	498	491
Citigroup Mortgage Loan Trust	6.000	10.653	06/25/2036	977	892	1,022
Citigroup Mortgage Loan Trust	5.280 A	4.645	11/25/2038	1,202	1,209	1,211

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Citigroup/Deutsche Back	0.130 A	4.530	12/11/2049	48,324	438	406
Citigroup/Deutsche Bank	0.080 A	6.564	01/15/2046	89,606	265	224
Commercial Mortgage Pass-Thru	4.980	9.224	05/10/2043	1,000	885	1,078
Countrywide Home Loans	4.500	5.864	06/25/2019	580	564	598
Countrywide Home Loans	5.250	5.251	09/25/2033	535	533	540
Countrywide Home Loans	5.000	6.249	10/25/2033	739	695	726
Countrywide Home Loans	5.250	5.860	04/25/2034	1,488	1,443	1,539
Credit Suisse Mortgage Capital	5.500	5.500	10/27/2035	388	387	390
Credit Suisse Mortgage Capital	5.330 A	4.521	10/26/2037	349	349	345
Credit Suisse Mortgage Capital	5.660	5.699	03/15/2039	500	499	545
Credit Suisse Mortgage Capital	1.190 A	1.006	02/27/2047	1,741	1,741	1,741
Credit Suisse Mortgage Capital	1.190 A	1.249	06/28/2047	514	503	514
Credit Suisse Mortgage Capital	4.250 A	8.080	06/25/2050	300	277	288
CS First Boston Mortgage Sec	2.700 A	3.087	06/25/2033	601	578	581
CS First Boston Mortgage Sec	5.250	6.134	11/25/2033	1,190	1,152	1,241
CS First Boston Mortgage Sec	5.500	3.263	09/25/2034	814	859	861
CS First Boston Mortgage Sec	5.500	3.352	12/25/2034	847	889	888
CS First Boston Mortgage Sec	18.260 A	19.722	06/25/2035	278	271	273
CS First Boston Mortgage Sec	4.730	4.846	07/15/2037	400	398	403
Deutsche ALT- A Sec Mortgage	5.590 A	5.853	02/25/2020	337	334	344
Deutsche Mortgage Securities	0.320 A	8.575	04/26/2037	636	610	611
First Horizon Mortgage Ps Thru	4.500	4.452	09/25/2018	828	827	835
GE Capital Commercial Mortgage	4.830	4.279	06/10/2048	1,000	1,018	990
GMAC Commercial Mortgage Sec.	5.240	10.434	11/10/2045	1,810	1,504	1,953
GMAC Mortgage Corp Loan Trust	5.000	4.073	01/25/2020	392	398	398
GMAC Mortgage Corp Loan Trust	3.380 A	4.901	10/19/2033	872	836	851
GMAC Mortgage Corp Loan Trust	5.000	6.078	10/25/2033	519	499	521
GMAC Mortgage Corp Loan Trust	5.000	8.701	11/25/2033	1,099	1,009	1,097
GMAC Mortgage Corp Loan Trust	3.230 A	3.441	12/19/2033	1,334	1,314	1,265
GMAC Mortgage Corp Loan Trust	6.500	5.374	01/25/2035	647	666	672
GMAC Mortgage Corp Loan Trust	4.250	4.243	07/25/2040	132	132	133
Greenwich Capital Comm Funding	4.860 A	5.694	01/10/2015	210	205	207
GS Mortgage Securities Corp	5.550	9.289	04/10/2038	1,000	871	1,087
GSR Mortgage Loan Trust	6.000	7.714	09/25/2034	724	695	760
GSR Mortgage Loan Trust	0.540	8.443	03/25/2035	611	386	519
GSR Mortgage Loan Trust	5.500	3.038	06/25/2035	272	276	273
GSR Mortgage Loan Trust	0.690	4.390	06/25/2035	447	404	437
GSR Mortgage Loan Trust	5.500	11.519	01/25/2037	100	83	94
Household Home Equity Loan Tst	0.460	4.544	01/20/2035	230	200	207
Household Home Equity Loan Tst	0.680	5.349	01/20/2035	459	391	396
Household Home Equity Loan Tst	0.350	4.496	01/20/2036	472	406	427
Household Home Equity Loan Tst	0.340	3.314	03/20/2036	403	360	370
Household Home Equity Loan Tst	0.390	1.717	03/20/2036	270	243	240
Household Home Equity Loan Tst	5.600	5.191	03/20/2036	750	751	762
Household Home Equity Loan Tst	1.390	4.397	11/20/2036	621	534	554
IMPAC CMB Trust	0.490	2.655	05/25/2035	506	453	450
IMPAC Secured Assets Corp	5.500	7.158	08/25/2033	759	712	790
IMPAC Secured Assets Corp	0.540	3.277	05/25/2036	636	546	589
IMPAC Secured Assets Corp	0.540	2.621	08/25/2036	1,196	1,028	1,065
JP Morgan Chase Commercial Mtg	5.360 A	4.217	08/12/2037	700	727	696
JP Morgan Chase Commercial Mtg	5.550	3.506	05/12/2045	500	545	545
JP Morgan Chase Commercial Mtg	5.400	9.292	05/15/2045	950	811	1,027
JP Morgan Mortgage Trust	2.960 A	3.126	11/25/2033	1,336	1,326	1,345
JP Morgan Mortgage Trust	2.840 A	4.133	08/25/2034	1,789	1,705	1,747
JP Morgan Mortgage Trust	5.020 A	4.949	02/25/2035	1,000	1,002	954
JP Morgan Mortgage Trust	4.480 A	3.685	02/25/2035	730	734	730
JP Morgan Mortgage Trust	2.970 A	2.901	07/25/2035	1,028	1,030	1,007
JP Morgan Re-REMIC	4.290 A	4.087	08/26/2035	645	646	637
Lake Country Mortgage Loan Tst	0.540	1.151	07/25/2034	826	791	798
LB-UBS Commercial Mortgage Tst	5.160	7.515	01/15/2016	300	277	325
LB-UBS Commercial Mortgage Tst	0.130 A	6.566	02/15/2041	25,021	263	250
LVII Resecuritization Trust	3.000 A	2.661	09/27/2037	1,000	1,000	1,008
Master Adjustable Rate Mtgage	2.770 A	5.363	11/21/2034	501	488	493
Master Adjustable Rate Mtgage	2.840 A	3.027	11/21/2034	1,350	1,335	1,288
Master Reperforming Loan Trust	0.540	7.290	05/25/2035	853	569	698

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Master Resecuritization Trust	13.630	4.028	05/28/2035	643	372	412
MASTR Asset Securitization	5.500	11.166	09/25/2033	192	169	198
MASTR Asset Securitization	5.250	3.713	12/25/2033	1,037	1,085	1,077
Merrill Lynch Mortgage Invest	0.710	4.897	04/25/2029	404	332	366
Merrill Lynch Mortgage Invest	0.820	2.433	08/25/2029	455	422	419
Merrill Lynch Mortgage Invest	2.750 A	3.155	07/25/2033	222	217	213
Merrill Lynch Mortgage Invest	2.720 A	3.054	08/25/2034	343	336	334
Merrill Lynch Mortgage Invest	2.190 A	2.629	12/25/2034	719	701	702
Merrill Lynch Mortgage Trust	5.670 A	5.356	05/12/2039	260	263	287
Merrill Lynch/Countrywide Comm	0.290 A	12.109	12/12/2049	19,167	257	256
Morgan Stanley Capital I	0.160 A	4.353	12/15/2043	18,624	240	236
Morgan Stanley Capital I	0.230 A	6.609	02/12/2044	48,312	439	428
Morgan Stanley Capital Inc	0.940 A	5.423	01/25/2035	182	157	180
Morgan Stanley Capital Inc	5.640 A	5.610	06/11/2042	250	251	277
Morgan Stanley Mortgage Loan	5.650 A	5.276	04/25/2034	398	404	403
Morgan Stanley Mortgage Loan	5.500	29.629	08/25/2034	5,370	653	612
Morgan Stanley Re-REMIC Trust	4.970	2.440	04/16/2040	1,400	1,482	1,478
Morgan Stanley Re-REMIC Trust	3.000	2.993	07/17/2056	479	480	478
NCUA Guaranteed Notes	2.650	2.865	01/01/2018	3,586	3,563	3,578
NCUA Guaranteed Notes	0.750 A	0.751	12/08/2020	954	954	960
NCUA Guaranteed Notes	2.400	2.461	12/08/2020	581	580	581
Prime Mortgage Trust	6.000	5.106	02/25/2034	321	330	339
RBSSP Resecuritization Trust	6.500	3.757	02/26/2036	668	689	695
RBSSP Resecuritization Trust	4.000 A	4.224	05/26/2037	500	496	495
Residential Accredit Loans	16.230	16.662	10/25/2017	225	226	240
Residential Accredit Loans	0.840	3.477	07/25/2033	531	476	470
Residential Accredit Loans	5.500	5.536	08/25/2033	615	615	618
Residential Accredit Loans	5.750	7.317	10/25/2033	580	543	600
Residential Accredit Loans	5.500	14.394	05/25/2034	1,475	1,031	1,288
Salomon Brothers Mortgage Sec	3.950	10.054	04/25/2032	291	247	250
Salomon Brothers Mortgage Sec	3.220 A	3.914	09/25/2033	811	787	793
Station Place Securitization	1.190	1.239	12/20/2042	2,000	2,000	1,984
Structured Asset Investment	0.460 A	7.426	06/25/2035	300	287	279
Structured Asset Mortgage Inv	0.000	6.837	07/25/2032	218	149	175
Structured Asset Mortgage Inv	0.520	1.711	10/19/2034	634	574	563
Structured Asset Securities	0.690	6.776	06/25/2033	933	849	896
Structured Asset Securities	5.500	6.080	10/25/2033	815	797	829
Structured Asset Securities	5.220 A	5.666	11/25/2033	244	240	253
Structured Asset Securities	5.030 A	5.124	12/25/2033	328	327	332
Structured Asset Securities	5.540	6.477	12/25/2033	1,400	1,347	1,385
Structured Asset Securities	5.550 A	6.493	03/25/2034	593	572	566
Structured Asset Securities	4.690 A	4.484	02/25/2035	1,027	1,039	1,041
Structured Asset Securities	5.000	18.301	05/25/2035	230	177	227
Thornburg Mtg Securities Trust	0.510	2.058	09/25/2043	791	733	741
TIAA Seasoned Commercial Mtg	5.980 A	5.439	08/15/2039	2,500	2,526	2,734
Vendee Mortgage Trust	6.750	5.737	06/15/2026	779	821	896
Vendee Mortgage Trust	6.750	4.384	06/15/2028	658	748	756
Wachovia Bank Comm Mtg Trust	5.740 A	8.069	05/15/2043	1,440	1,318	1,589
Washington Mutual Mortgage	5.500	5.566	08/25/2019	653	651	681
Washington Mutual Mortgage	0.000	23.684	07/25/2033	226	155	151
Washington Mutual Mortgage	2.660 A	3.237	08/25/2033	277	268	269
Washington Mutual Mortgage	2.710 A	2.862	08/25/2033	297	294	291
Washington Mutual Mortgage	2.710 A	2.942	09/25/2033	1,047	1,034	1,001
Washington Mutual Mortgage	2.780 A	3.217	09/25/2033	357	348	349
Washington Mutual Mortgage	5.250	8.031	10/25/2033	2,251	2,072	2,343
Washington Mutual Mortgage	16.540	15.844	11/25/2033	557	565	581
Washington Mutual Mortgage	0.590	2.700	03/25/2034	348	339	337
Washington Mutual Mortgage	2.580 A	4.130	06/25/2034	288	267	284
Washington Mutual Mortgage	2.580 A	2.655	06/25/2034	719	715	698
Washington Mutual Mortgage	5.500	6.214	06/25/2034	811	778	811
Washington Mutual Mortgage	5.000	3.271	07/25/2034	768	793	795
Washington Mutual Mortgage	5.500	48.609	05/25/2035	751	70	110
Wells Fargo Mortgage Backed	4.750	4.579	12/25/2018	1,343	1,345	1,387
Wells Fargo Mortgage Backed	5.000	2.906	01/25/2020	383	395	400
Wells Fargo Mortgage Backed	5.000	4.088	11/25/2020	406	412	421

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Wells Fargo Mortgage Backed	4.450 A	4.586	11/25/2033	1,161	1,155	1,140
Wells Fargo Mortgage Backed	4.740 A	2.468	12/25/2033	409	415	408
Wells Fargo Mortgage Backed	4.910 A	4.624	02/25/2034	672	674	681
Wells Fargo Mortgage Backed	2.890 A	4.399	09/25/2034	554	521	535
Wells Fargo Mortgage Backed	2.870 A	3.722	10/25/2034	666	631	647
Wells Fargo Mortgage Backed	2.780 A	3.434	10/25/2034	594	577	584
Wells Fargo Mortgage Backed	2.780 A	4.855	10/25/2034	409	374	405
Wells Fargo Mortgage Backed	2.770 A	4.286	12/25/2034	844	794	836
Wells Fargo Mortgage Backed	2.880 A	7.169	12/25/2034	405	359	404
Wells Fargo Mortgage Backed	2.770 A	4.118	12/25/2034	563	533	564
Wells Fargo Mortgage Backed	2.880 A	3.733	12/25/2034	405	396	409
Wells Fargo Mortgage Backed	2.810 A	5.007	06/25/2035	217	206	209
WF-RBS Commercial Mortgage Tst	4.380	4.266	05/15/2021	600	606	590
<i>Total Corporate CMO</i>					135,365	140,595
Total Corporate Issues - 30.8%					350,170	365,219
<u>Short-term Issues</u>						
Dreyfus Cash Management Institutional Fund				40,883,214	40,883	40,883
Total Short-term Issues - 3.4%					40,883	40,883
Total Investment Securities - 100.4%					\$ 1,145,596	\$ 1,194,672
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 148,694	\$ 148,694
Mellon SL DBT II Liquidating Fund					817	793
Total Collateral for Securities Loaned					\$ 149,511	\$ 149,487

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Interest	\$	58,588
Dividends		39
Net amortization		(10,512)
Securities lending income		<u>81</u>

Total investment income 48,196

Expenses

Investment advisor fees		(1,683)
Trustee fees		(5)
Custodian bank fees		(64)
Management fees		(396)
Fiduciary bond fees		(5)
Professional service fees		(76)
Securities lending agent fees		(13)
Securities lending borrower rebates		<u>(15)</u>

Total expenses (2,257)

Investment income, net 45,939

Realized and unrealized gain (loss) from investments

Net realized gain from investments		43,980
Net decrease in the fair value of investments		<u>(19,712)</u>

Net gain from investments 24,268

Net increase in net assets from operations \$ 70,207

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Changes in Net Assets
Year Ended June 30, 2011
(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 45,939
Net realized gain from investments	43,980
Net decrease in the fair value of investments	<u>(19,712)</u>

Net increase in net assets from operations 70,207

Distributions to unitholders

Investment income, net	(45,939)
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Unit transactions

Proceeds from sale of units	277,594
Reinvestment of distributions	<u>44,981</u>
	322,575
Amount paid for repurchase of units	<u>(711,092)</u>

Net decrease in net assets from unit transactions (388,517)

Decrease in net assets (364,249)

Net assets, beginning of period 1,554,264

Net assets, end of period \$ 1,190,015

Unit data

Units sold	25,490,190
Units issued from reinvestment of distributions	<u>4,135,060</u>
	29,625,250
Units repurchased	<u>(64,827,874)</u>

Net decrease in units (35,202,624)

See accompanying notes to financial statements.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The main objective of this Pool is to generate investment income, provide stability and diversification, but not at the expense of total return. JP Morgan Investment Advisors, Inc. manages this Pool. This Pool's investment performance, net of external investment management fees, is expected to meet or exceed the Barclays Capital U.S. Aggregate index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in debt securities are carried at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value of the securities loaned. For international securities, the collateral is at least 105 percent of the market value of the securities on loan. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, specifically the Mellon SL DBT II Liquidating Fund. Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

Asset-Backed Securities – The Pool invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The securities are reported at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The Pool invests 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.

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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. Historical prepayment speeds are obtained from market data vendors and are updated annually. The effect of changing prepayment assumptions is reported in the Statement of Operations in the year of the change.

Distributions to Participants - The monthly net investment income is declared as a dividend on the last day of the month and distributed to the participants of the Pool on the first day of the following 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 Net Assets. The Pool does not routinely distribute dividends of net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted average credit ratings of the rated assets in the Pool as of June 30, 2011.

Security Type	Moody's	S&P	Fair Value	Percent of Assets
U. S. Treasury bonds and notes	Aaa	AAA	\$ 312,308	26.1%
Agency collateralized mortgage obligations	Aaa	AAA	286,297	24.0
Corporate bonds and notes	A2	A	200,540	16.8
Agency mortgage backed securities	Aaa	AAA	173,704	14.5
Corporate collateralized mortgage obligations	A1	AAA	140,595	11.8
Regulated investment companies	Aaa	AAA	40,883	3.4
Corporate asset backed securities	Aa1	AAA	24,084	2.0
Agency bonds and notes	Aaa	AAA	14,060	1.2
Municipal bonds	Aa3	AA-	2,201	0.2
Total rated investments			<u>\$ 1,194,672</u>	<u>100.0%</u>

Concentration of Credit Risk

West Virginia statutes prohibit the Pool from investing more than 5 percent of its assets in securities issued by a single private corporation or association. At June 30, 2011, the Pool did not have investments in any one private corporation or association that represented more than 5 percent of assets.

Custodial Credit Risk

At June 30, 2011, the Pool held no securities that were subject to custodial credit risk. All securities are held by the IMB's custodian in the name of the IMB. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund.

Interest Rate Risk

The IMB monitors interest rate risk of the Pool by evaluating the modified duration of the investments in the Pool. The following table provides the weighted average modified duration for the various asset types in the Pool as of June 30, 2011.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Security Type	Fair Value	Modified Duration (years)
U. S. Treasury bonds and notes	\$ 312,308	6.1
Agency collateralized mortgage obligations	286,297	3.6
Corporate bonds and notes	200,540	5.6
Agency mortgage backed securities	173,704	7.1
Corporate collateralized mortgage obligations	140,595	3.6
Regulated investment companies	40,883	0.0
Corporate asset backed securities	24,084	1.6
Agency bonds and notes	14,060	5.3
Municipal bonds	2,201	14.6
Total assets	\$ 1,194,672	5.0

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2011, the Pool held \$624,680 of these securities. This represents approximately 52 percent of the value of the Pool's securities.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
U.S. Treasury bonds and notes	\$ -	\$ 312,308	\$ -	\$ 312,308
Agency collateralized mortgage obligations	-	286,297	-	286,297
Corporate bonds and notes	-	200,540	-	200,540
Agency mortgage backed securities	-	173,704	-	173,704
Corporate collateralized mortgage obligations	-	140,595	-	140,595
Regulated investment companies	-	40,883	-	40,883
Corporate asset backed securities	-	24,084	-	24,084
Agency bonds and notes	-	14,060	-	14,060
Municipal bonds	-	2,201	-	2,201
Securities lending collateral funds	-	149,487	-	149,487
Total	<u>\$ -</u>	<u>\$ 1,344,159</u>	<u>\$ -</u>	<u>\$ 1,344,159</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$ 151,098		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	\$ 149,511	\$ 149,487	\$ (24)
Non-cash	4,915	4,810	(105)
Total	<u>\$ 154,426</u>	<u>\$ 154,297</u>	<u>\$ (129)</u>

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2010	\$ 10.77
Income from investment operations:	
Net investment income	0.42
Net realized and unrealized gain on investment transactions	0.13
Total from investment operations	0.55
Less distributions from net investment income	(0.42)
Net asset value at June 30, 2011	\$ 10.90
 Time-weighted Total Return *	 5.2%
 Supplemental Data:	
Net assets, end of period	\$ 1,190,015
Ratio to average net assets:	
Expenses **	0.18%
Net investment income **	3.74%
Portfolio turnover rate	35.60%
 * Return data is net of fees for the full fiscal year	
** All ratios are for the fiscal year	

NOTE 8. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011. The balances do not include the dividend declared by the Pool on the last day of the month and reinvested to the participant's account on the first day of the following month.

<u>Participant</u>	<u>Account Value</u>
Public Employees' Retirement System	\$ 310,473
Teachers' Retirement System	302,689
Workers' Compensation Old Fund	198,433
Revenue Shortfall Reserve Fund - Part B	71,756
Retiree Health Benefit Trust	54,563
Revenue Shortfall Reserve Fund	42,453
Coal Workers' Pneumoconiosis Fund	41,748
Prepaid Tuition Trust Fund	39,934
Public Employees' Insurance Agency	37,042
State Police Death, Disability and Retirement Fund	36,570
Board of Risk and Insurance Management	23,007
Judges' Retirement System	8,732
Deputy Sheriff's Retirement System	8,172
State Police Retirement System	5,364
Wildlife Endowment Fund	2,878
Emergency Medical Services Retirement System	2,375
Workers' Compensation Self-Insured Guaranty Risk Pool	1,559
Workers' Compensation Uninsured Employers Fund	1,318
WV Department of Environmental Protection Trust	513
AccessWV	436
Total	\$ 1,190,015

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

TIPS Pool

TIPS Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations and changes in net assets for the period October 1, 2010 (date of inception) to June 30, 2011 for the West Virginia Investment Management Board (WVIMB) TIPS Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) applicable to investment companies which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board TIPS Pool as of June 30, 2011, and the results of its operations and changes in net assets for the period October 1, 2010 (date of inception) to June 30, 2011 on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

TIPS Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	891,441
Collateral for securities loaned at fair value (Note 6)		53,800
Receivables:		
Accrued interest		6,390
Investments sold		10,084
Securities lending income		9
		<u> </u>
Total assets		961,724

Liabilities

Accrued expenses		63
Dividends payable		5,990
Payable for investments purchased		10,169
Payable upon return of securities loaned (Note 6)		53,809
		<u> </u>
Total liabilities		70,031
		<u> </u>
Net assets	\$	<u><u>891,693</u></u>

Analysis of net assets

Paid-in capital	\$	885,584
Accumulated undistributed net realized gain from investments		226
Unrealized net appreciation of investments		5,883
		<u> </u>
Net assets	\$	<u><u>891,693</u></u>

Unit data

Units outstanding		87,920,772
Net asset value, unit price	\$	<u><u>10.14</u></u>

See accompanying notes to financial statements.

TIPS Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value Shares	Amortized Cost	Fair Value
<u>U.S. Treasury Issues</u>						
United States Treasury	3.000 %	(0.636) %	07/15/2012	28,290	\$ 36,730	\$ 36,952
United States Treasury	0.630	(0.618)	04/15/2013	19,640	21,366	21,548
United States Treasury	1.880	(0.533)	07/15/2013	27,210	34,966	35,465
United States Treasury	2.000	(0.364)	01/15/2014	28,040	36,189	36,802
United States Treasury	1.250	(0.379)	04/15/2014	21,040	23,382	23,753
United States Treasury	2.000	(0.321)	07/15/2014	25,870	33,056	33,722
United States Treasury	1.630	(0.167)	01/15/2015	25,180	31,544	32,203
United States Treasury	0.500	(0.336)	04/15/2015	29,480	31,571	31,952
United States Treasury	1.880	(0.129)	07/15/2015	23,360	29,201	29,813
United States Treasury	2.000	0.008	01/15/2016	23,140	28,591	29,171
United States Treasury	0.130	(0.572)	04/15/2016	19,650	20,700	20,494
United States Treasury	2.500	0.046	07/15/2016	23,760	29,728	30,293
United States Treasury	2.380	0.194	01/15/2017	20,960	26,183	26,696
United States Treasury	2.630	0.219	07/15/2017	18,410	22,858	23,252
United States Treasury	1.630	0.333	01/15/2018	19,360	22,519	22,863
United States Treasury	1.380	0.364	07/15/2018	19,650	21,932	22,249
United States Treasury	2.130	0.470	01/15/2019	18,250	21,458	21,711
United States Treasury	1.880	0.512	07/15/2019	20,570	23,988	24,264
United States Treasury	1.380	0.593	01/15/2020	25,270	27,988	28,237
United States Treasury	1.250	0.653	07/15/2020	39,150	42,486	42,778
United States Treasury	1.130	0.917	01/15/2021	45,660	47,829	48,844
United States Treasury	2.380	1.147	01/15/2025	31,160	42,877	42,802
United States Treasury	2.000	1.206	01/15/2026	23,260	29,132	28,853
United States Treasury	2.380	1.253	01/15/2027	18,970	24,491	24,125
United States Treasury	1.750	1.290	01/15/2028	19,650	22,529	22,104
United States Treasury	3.630	1.377	04/15/2028	18,360	34,098	33,656
United States Treasury	2.500	1.314	01/15/2029	19,470	24,167	23,732
United States Treasury	3.880	1.395	04/15/2029	22,140	42,072	41,511
United States Treasury	3.380	1.437	04/15/2032	6,560	11,194	10,994
United States Treasury	2.130	1.568	02/15/2040	16,720	19,617	18,989
United States Treasury	2.130	1.780	02/15/2041	19,060	20,848	21,354
Total U.S. Treasury Issues - 100.0%					885,290	891,182
<u>Short-term Issues</u>						
Dreyfus Cash Management Institutional Fund - 0.0%				258,529	259	259
Total Investment Securities - 100.0%					\$ 885,549	\$ 891,441
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 53,515	\$ 53,515
Mellon SL DBT II Liquidating Fund					294	285
Total Collateral for Securities Loaned					\$ 53,809	\$ 53,800

A - Adjustable rate security.

See accompanying notes to financial statements.

TIPS Pool

Statement of Operations
For the period October 1, 2010 (inception) to June 30, 2011
(Amounts in thousands)

Investment income

Interest	\$ 11,166
Dividends	4
Net accretion	18,068
Securities lending income	<u>61</u>

Total investment income 29,299

Expenses

Investment advisor fees	(138)
Trustee fees	(3)
Custodian bank fees	(18)
Management fees	(173)
Fiduciary bond fees	(2)
Professional service fees	(35)
Securities lending agent fees	(9)
Securities lending borrower rebates	<u>(15)</u>

Total expenses (393)

Investment income, net 28,906

Realized and unrealized gain from investments

Net realized gain from investments	226
Net increase in the fair value of investments	<u>5,883</u>

Net gain from investments 6,109

Net increase in net assets from operations \$ 35,015

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Assets
For the period October 1, 2010 (inception) to June 30, 2011
(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 28,906
Net realized gain from investments	226
Net increase in the fair value of investments	<u>5,883</u>

Net increase in net assets from operations 35,015

Distributions to unitholders

Investment income, net	(28,906)
------------------------	----------

Unit transactions

Proceeds from sale of units	869,419
Reinvestment of distributions	<u>22,915</u>
	892,334
Amount paid for repurchase of units	<u>(6,750)</u>

Net increase in net assets from unit transactions 885,584

Increase in net assets 891,693

Net assets, beginning of period -

Net assets, end of period \$ 891,693

Unit data

Units sold	86,315,746
Units issued from reinvestment of distributions	<u>2,271,436</u>
	88,587,182
Units repurchased	<u>(666,410)</u>

Net increase in units 87,920,772

See accompanying notes to financial statements.

TIPS Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The IMB established the TIPS Pool on October 1, 2010. The U.S. Treasury Inflation Protection Securities held by the pool were transferred from the Real Estate Pool where they were used as a cash "parking vehicle". By establishing the TIPS Pool, participant plans who did not have an allocation to real estate gained exposure to this asset class.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool invests in Treasury Inflation-Protected Securities (TIPS) and its objective is to match the performance of the Barclay's Capital U.S. TIPS Bond Index on an annualized basis over rolling three-year to five-year periods, gross of fees. Assets are managed by State Street Global Advisors.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in TIPS are carried at fair value, which is determined by a third party pricing service based quoted market prices, generally using the midpoint of the bid and offer price, and applying the relevant inflation factor. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at

TIPS Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

\$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value of the securities loaned. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, specifically the Mellon SL DBT II Liquidating Fund. Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Interest Income - Interest income is recognized as earned on the accrual method.

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.

Distributions to Participants - The monthly net investment income is declared as a dividend on the last day of the month and distributed to the participants of the Pool on the first day of the following 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 Net Assets. The Pool does not routinely distribute dividends of net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

TIPS Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted average credit ratings of the rated assets in the Pool as of June 30, 2011.

<u>Security Type</u>	<u>Moody's</u>	<u>S&P</u>	<u>Fair Value</u>	<u>Percent of Assets</u>
U. S. Treasury issues	Aaa	AAA	\$ 891,182	100.0%
Money market funds	Aaa	AAA	259	0.0
Total rated investments			<u>\$ 891,441</u>	<u>100.0%</u>

Concentration of Credit Risk

West Virginia statutes prohibit the Pool from investing more than 5 percent of its assets in securities issued by a single private corporation or association. At June 30, 2011, the Pool did not have investments in any one private corporation or association that represented more than 5 percent of assets.

Custodial Credit Risk

At June 30, 2011, the Pool held no securities that were subject to custodial credit risk. All securities are held by the IMB's custodian in the name of the IMB. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund.

Interest Rate Risk

The IMB monitors interest rate risk of the Pool by evaluating the modified duration of the investments in the Pool. The following table provides the weighted average modified duration for the various asset types in the Pool as of June 30, 2011.

<u>Security Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
U. S. Treasury issues	\$ 891,182	7.6
Money market funds	259	0.0
Total assets	<u>\$ 891,441</u>	<u>7.6</u>

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

TIPS Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
U.S. Treasury issues	\$ -	\$ 891,182	\$ -	\$ 891,182
Regulated investment companies	-	259	-	259
Securities lending collateral funds	-	53,800	-	53,800
Total	\$ -	\$ 945,241	\$ -	\$ 945,241

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$	134,530		
Initial collateral received:		Cost	Fair Value	Unrealized Loss
Cash	\$	53,809	\$ 53,800	\$ (9)
Non-cash		83,468	81,802	(1,666)
Total	\$	137,277	\$ 135,602	\$ (1,675)

TIPS Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at October 1, 2010 (inception date)	\$	10.00
Income from investment operations:		
Net investment income		0.36
Net realized and unrealized gain on investment transactions		0.14
Total from investment operations		0.50
Less distributions from net investment income		(0.36)
Net asset value at June 30, 2011	\$	10.14

Time-weighted Total Return * 4.9%

Supplemental Data:

Net assets, end of period	\$	891,693
Ratio to average net assets:		
Expenses **		0.06%
Net investment income **		4.75%
Portfolio turnover rate		14.54%

* Return data is net of fees from October 1, 2010 (inception date) to June 30, 2011 and is not annualized

** All ratios are from October 1, 2010 (inception date) to June 30, 2011 and annualized

NOTE 8. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011. The balances do not include the dividend declared by the Pool on the last day of the month and reinvested to the participant's account on the first day of the following month.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 247,655
Public Employees' Retirement System	221,754
Revenue Shortfall Reserve Fund	120,967
Workers' Compensation Old Fund	95,062
Revenue Shortfall Reserve Fund - Part B	47,415
Retiree Health Benefit Trust	44,429
Coal Workers' Pneumoconiosis Fund	26,497
Public Employees' Insurance Agency	26,386
State Police Death, Disability and Retirement Fund	24,595
Board of Risk and Insurance Management	14,185
Judges' Retirement System	6,344
Deputy Sheriff's Retirement System	5,706
State Police Retirement System	3,549
Wildlife Endowment Fund	2,050
Emergency Medical Services Retirement System	1,608
AccessWV	1,014
Workers' Compensation Self-Insured Guaranty Risk Pool	970
Workers' Compensation Uninsured Employers Fund	916
WV Department of Environmental Protection Trust	591
Total	\$ 891,693

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

TRS Annuity Pool

TRS Annuity Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) TRS Annuity Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board TRS Annuity Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

TRS Annuity Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at amortized cost	\$	103,850
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Liabilities

Accrued expenses		<u>5</u>
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Net assets	\$	<u>103,845</u>
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Analysis of net assets

Paid-in capital	\$	83,407
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Accumulated undistributed net investment income		<u>20,438</u>
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Net assets	\$	<u>103,845</u>
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Unit data

Units outstanding		9,291,631
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Net asset value, unit price	\$	<u>11.18</u>
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See accompanying notes to financial statements.

TRS Annuity Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

<u>Security Name</u>	<u>Shares</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<u>Annuity Contract</u>			
Variable Annuity Life Insurance Company	103,849,981	\$ 103,850	\$ 103,850
Total Annuity Contract - 100.0%		<u>\$ 103,850</u>	<u>\$ 103,850</u>

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Operations
Year Ended June 30, 2011
(Amounts in thousands)

Investment income

Interest \$ 6,479

Expenses

Trustee fees (1)

Management fees (49)

Fiduciary bond fees (1)

Professional service fees (20)

Total expenses (71)

Investment income, net 6,408

Net increase in net assets from operations \$ 6,408

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net \$ 6,408

Unit transactions

Proceeds from sale of units 76

Amount paid for repurchase of units (55,058)

Net decrease in net assets from unit transactions (54,982)

Decrease in net assets (48,574)

Net assets, beginning of period 152,419

Net assets, end of period \$ 103,845

Unit data

Units sold 6,921

Units repurchased (4,963,790)

Net decrease in units (4,956,869)

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Cash Flows Year Ended June 30, 2011 *(Amounts in thousands)*

Cash flows from operating activities

Net increase in net assets from operations	\$	6,408
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:		
Purchase of investment securities		(6,479)
Sale of investment securities		55,058
Decrease in accrued expenses		<u>(5)</u>
Net cash provided by operating activities		54,982

Cash flows from financing activities

Proceeds from units sold		76
Paid for repurchase of units		<u>(55,058)</u>
Net cash used in financing activities		<u>(54,982)</u>

Net change in cash -

Cash

Beginning balance		-
Ending balance	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

TRS Annuity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the TRS Annuity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool holds an investment contract strictly for the benefit of the Teachers' Retirement System (TRS). The IMB assumed responsibility for this investment as part of the restructuring of the Teachers' Defined Contribution (TDC) plan, a separate retirement plan outside of the IMB, whereby certain TDC participants elected to transfer the ownership of their individual TDC retirement accounts to the TRS in exchange for current participation in the TRS defined benefit plan. The contract, issued by the Variable Annuity Life Insurance Company (VALIC), could not be liquidated as part of the restructuring, and was transferred in kind to the IMB on December 10, 2008. The final amount transferred on the contract was \$248,293. Effective April 23, 2009, the IMB elected to liquidate this contract and will receive five equal annual payments of \$55,058. Payments were received on May 4, 2009, 2010, and 2011. Remaining payments will be received on May 4, 2012 and 2013. The contract and the payments include a guaranteed annual interest yield of 4.5%. VALIC is a wholly-owned subsidiary of American International Group, Inc. (AIG), but is not in bankruptcy.

TRS Annuity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. The VALIC contract is a private contract between the issuer and the IMB and is not a marketable security. It is carried at fair value using a discounted cash flow model based on the underlying cash flows of the contract, implicit rate of return, and estimated credit risk premiums using observable market data. At June 30, 2011 amortized cost approximated fair value.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Interest Income - Interest income is recognized as earned on the accrual method.

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The contract issued by the VALIC is not rated by any of the nationally recognized statistical rating agencies. VALIC has received "A" ratings from Moody's, Fitch, and Standard & Poor's.

Concentration of Credit Risk

The contract issued by the VALIC is the only security held by the Pool. Consequently, the Pool is subject to concentration of credit risk.

Custodial Credit Risk

The Pool is not subject to custodial credit risk.

Interest Rate Risk

The investment contract has a guaranteed annual interest yield of 4.5%. The IMB has elected to withdraw funds in equal installments over five years. Under the terms of the election agreement the interest rate became fixed. The Pool is subject to the risk that it could potentially earn a lower than market interest rate in the event market rates increase above the 4.5% contractual rate.

Foreign Currency Risk

The Pool is not subject to foreign currency risk.

TRS Annuity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Annuity contract	\$ -	\$ -	\$ 103,850	\$ 103,850

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2011 was as follows:

	<u>Annuity contract</u>
Balance at June 30, 2010	\$ 152,429
Net realized gain/(loss)	-
Net change in unrealized appreciation/(depreciation)	-
Purchases	6,479
Sales	(55,058)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2011	<u>\$ 103,850</u>

TRS Annuity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$	10.70
Net investment income from investment operations		0.48
Net asset value at June 30, 2011	\$	<u>11.18</u>

Time-weighted Total Return * 4.4%

Supplemental Data:

Net assets, end of period	\$	103,845
Ratio to average net assets:		
Expenses **		0.05%
Net investment income **		4.35%
Portfolio turnover rate		4.40%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

NOTE 7. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Private Equity Pool

Private Equity Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) Private Equity Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Private Equity Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Private Equity Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,021,318
Dividends receivable	<u>3</u>
Total assets	1,021,321

Liabilities

Accrued expenses	<u>153</u>
Net assets	<u><u>\$ 1,021,168</u></u>

Analysis of net assets

Paid-in capital	\$ 959,603
Accumulated undistributed net investment loss	(3,794)
Accumulated undistributed net realized loss from investments	(113,233)
Unrealized net appreciation of investments	<u>178,592</u>
Net assets	<u><u>\$ 1,021,168</u></u>

Unit data

Units outstanding	99,810,327
Net asset value, unit price	<u><u>\$ 10.23</u></u>

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Partnerships</u>			
Advent International GPE VI-A L.P.		\$ 20,800	\$ 22,699
Investment Objective - To provide risk capital for, and make investments in the securities of privately held and publicly listed companies primarily in Europe and North America.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
Carlyle Partners V		27,179	30,240
Investment Objective - To generate superior, long-term capital appreciation through privately negotiated equity and equity related investments.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
Franklin Park Venture Fund Series 2008, L.P.		9,259	9,981
Investment Objective - To realize long-term compounded returns in excess of those available through conventional investments in the public equity markets.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
Franklin Park Venture Fund Series 2009, L.P.		7,390	7,552
Investment Objective - To realize long-term compounded returns in excess of those available through conventional investments in the public equity markets.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
Franklin Park Venture Fund Series 2010, L.P.		2,564	2,439
Investment Objective - To realize long-term compounded returns in excess of those available through conventional investments in the public equity markets.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
Franklin Park Venture Fund Series 2011, L.P.		250	250
Investment Objective - To realize long-term compounded returns in excess of those available through conventional investments in the public equity markets.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			
H.I.G. Bayside Debt & LBO Fund II, L.P.		18,121	17,595
Investment Objective - To invest in distressed debt obligations and other securities of distressed lower middle market companies.			
Redemption Provisions - Upon termination of the partnership.			
A detail of the underlying investments is not available.			

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Insight Equity II L.P. Investment Objective - To acquire underperforming, operationally challenged, or financially distressed small and middle market businesses and to seek to reorganize operations and strategy to restore profitability and growth. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		6,528	4,687
Insight Equity Mezzanine I, L.L.P. Investment Objective - To invest in mezzanine securities issued by companies in which Insight is also an equity sponsor. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		1,370	1,202
JFL Equity Investors III, L.P. Investment Objective - To seek long-term capital appreciation by acquiring, holding, and disposing of securities involved in or connected with defense, aerospace, marine, or engineering industries. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		4,317	4,317
KPS Special Situations Fund III (Supplemental), L.P. Investment Objective - Seek to invest alongside KPS Special Situations Fund III, L.P. and KPS Special Situations Fund III (A), L.P., to make controlling equity and equity-related investments in underperforming or distressed companies engaged in manufacturing, transportation, and service industries that need immediate and significant change. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		4,247	4,492
LLR Equity Partners III, L.P. Investment Objective - To provide investors with substantial long-term capital gains by investing in a diversified portfolio of equity securities. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		22,097	19,308
Mason Wells Buyout Fund III, L.P. Investment Objective - To deliver superior risk-adjusted investment returns by applying the Mason Wells Value Creation System to drive improvements to operating and financial performance at portfolio companies. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		5,183	4,714

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Natural Gas Partners IX, L.P. Investment Objective - To generate long-term capital gains through equity investments in companies engaged in the energy and resource related industries, with an emphasis on privately negotiated equity investments in North America oil and gas companies. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		30,644	36,500
Odyssey Investment Partners Fund IV, L.P. Investment Objective - To seek long-term capital appreciation by principally pursuing control oriented equity and equity related investments in middle market companies located primarily in the United States. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		12,232	14,018
Platinum Equity Capital Partners II, L.P. Investment Objective - To make private investments in equity, equity oriented or debt securities that offer equity-like returns, of underperforming companies to generate capital appreciation. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		26,288	30,138
Riverside Fund IV, L.P. Investment Objective - To pursue and add value to control investments in small, profitable healthcare and technology companies primarily in the United States through financial and operational improvements and to grow the companies both organically and through add-on acquisitions. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		17,956	17,198
TA XI, L.P. Investment Objective - To achieve capital appreciation with relatively modest risk by originating investments in profitable, middle-market companies in growth industries. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		7,400	7,590
Welsh, Carson, Anderson & Stowe XI, L.P. Investment Objective - To provide capital to domestic or foreign corporations, partnerships and joint ventures and to assist in developing the business of those enterprises. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		18,758	17,161
Total Partnerships - 24.7%		242,583	252,081

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

<u>Security Name</u>	<u>Shares</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<u>Investments in Other Funds</u>			
Bridgewater All Weather Portfolio II, LTD	553,900	566,173	735,267
Investment Objective - To seek to provide attractive returns with relatively limited risks, with no material bias to perform better or worse in any particular type of economic environment.			
Redemption Provisions - Monthly on the first business day.			
A detail of the underlying investments is not available.			
Total Investments in Other Funds - 72.0%		566,173	735,267
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 3.3%	33,969,991	33,970	33,970
Total Investment Securities - 100.0%		<u>\$ 842,726</u>	<u>\$ 1,021,318</u>

See accompanying notes to financial statements.

Private Equity Pool

Statement of Changes in Net Assets
Year Ended June 30, 2011
(Amounts in thousands, except for unit data)

Operations

Investment loss, net	\$ (1,077)
Net realized gain from investments	34,661
Net increase in the fair value of investments	<u>101,089</u>

Net increase in net assets from operations 134,673

Unit transactions

Proceeds from sale of units	127,179
Amount paid for repurchase of units	<u>(152,995)</u>

Net decrease in net assets from unit transactions (25,816)

Increase in net assets 108,857

Net assets, beginning of period 912,311

Net assets, end of period \$ 1,021,168

Unit data

Units sold	13,061,529
Units repurchased	<u>(17,447,337)</u>

Net decrease in units (4,385,808)

See accompanying notes to financial statements.

Private Equity Pool

Statement of Cash Flows
Year Ended June 30, 2011
(Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$ 134,673
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(166,000)
Proceeds from disposition of investment securities	199,126
Purchases and sales of short-term investment securities, net	(6,241)
Decrease in dividends receivable	1
Increase in accrued expenses	7
Net realized gain from investments	(34,661)
Net increase in the fair value of investments	<u>(101,089)</u>
Net cash provided by operating activities	25,816

Cash flows from financing activities

Proceeds from units sold	127,179
Paid for repurchase of units	<u>(152,995)</u>
Net cash used in financing activities	<u>(25,816)</u>

Net change in cash -

Cash

Beginning balance	-
Ending balance	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

Private Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Private Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool was established to hold the IMB's investments in various types of private equity funds. Franklin Park Associates, LLC has been retained by the IMB to provide consulting services for this asset class.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments, which are not publicly traded, are carried at net asset value as a practical expedient for fair market value. The Pool has \$987,348 of investments in private partnerships and other investment funds which are reported at fair value. For all of these investments, the IMB has concluded that the net asset value reported by the underlying fund approximates the fair value of the investment. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary

Private Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the carrying amount of such investments is a reasonable estimate of fair value as of June 30, 2011. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Gains and Losses - Gains and losses on investments in private equity funds are recognized when the private equity fund has realized its interest in a portfolio company and we have sufficient information as to the amount and date of the distribution. Gains and losses on the sale of other investments are recognized at the time of sale by the average cost method.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds limited partnerships, shares of an institutional commingled fund and a money market fund with the highest credit rating. The institutional commingled fund is not rated by any of the nationally recognized statistical rating agencies and thus any credit risk cannot be accurately reported. The securities of the Pool are not exposed to credit risk, interest rate risk, or custodial credit risk. There is an indirect exposure to foreign currency risk through certain of the partnerships and the commingled fund. At June 30, 2011 these investments had holdings in foreign currencies of approximately \$459,520 or approximately 45 percent of the total value of the Pool's investments. At June 30, 2011, the Pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the Pool and is not exposed to concentration of credit risk.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual

Private Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Regulated investment companies	\$ -	\$ 33,970	\$ -	\$ 33,970
Investments in other funds	-	-	735,267	735,267
Partnerships	-	-	252,081	252,081
Total	\$ -	\$ 33,970	\$ 987,348	\$ 1,021,318

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2011 was as follows:

	Investments in other funds	Partnerships
Balance at June 30, 2010	\$ 755,609	\$ 129,115
Net realized gain	21,778	12,883
Net change in unrealized appreciation	82,880	18,209
Purchases	50,000	116,000
Sales	(175,000)	(24,126)
Net transfers in/(out) of Level 3	-	-
Balance at June 30, 2011	\$ 735,267	\$ 252,081

Private Equity Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 6. COMMITMENTS

The IMB, with the assistance of its consultant, began implementing its plan to invest in private equity partnerships in February 2008. As of June 30, 2011 the IMB had made commitments to twenty-two private equity general partnerships totaling \$818,000. The IMB had funded \$247,959 of these commitments at June 30, 2011, leaving unfunded commitments of \$570,041.

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$	8.76
Income from investment operations:		
Net investment loss		(0.01)
Net realized and unrealized gain on investment transactions		1.48
Total from investment operations		1.47
Net asset value at June 30, 2011	\$	10.23

Time-weighted Total Return * 16.9%

Supplemental Data:

Net assets, end of period	\$	1,021,168
Ratio to average net assets:		
Expenses **		0.13%
Net investment income **		-0.12%
Portfolio turnover rate		19.29%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

NOTE 8. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 495,625
Public Employees' Retirement System	442,041
State Police Death, Disability and Retirement Fund	47,325
Judges' Retirement System	12,061
Deputy Sheriff's Retirement System	10,808
State Police Retirement System	6,340
Wildlife Endowment Fund	4,030
Emergency Medical Services Retirement System	2,938
Total	\$ 1,021,168

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Real Estate Pool

Real Estate Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) Real Estate Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Real Estate Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Real Estate Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	247,744
Collateral for securities loaned at fair value (Note 6)		9,414
Receivables:		
Investments sold		108
Dividends		144
Foreign tax withholding		12
Securities lending income		<u>2</u>
Total assets		257,424

Liabilities

Accrued expenses		177
Payable upon return of securities loaned (Note 6)		<u>9,416</u>
Total liabilities		<u>9,593</u>
Net assets	\$	<u><u>247,831</u></u>

Analysis net assets

Paid-in capital	\$	206,538
Accumulated undistributed net investment income		9,067
Accumulated undistributed net realized gain from investments		21,702
Accumulated undistributed net realized gain from foreign currency transactions		125
Unrealized net appreciation of investments		9,162
Unrealized net appreciation on translation of assets and liabilities in foreign currencies		<u>1,237</u>
Net assets	\$	<u><u>247,831</u></u>

Unit data

Units outstanding		27,649,163
Net asset value, unit price	\$	<u><u>8.96</u></u>

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Investments in Other Funds</u>			
Blackstone RE Partners Europe III, L.P. Investment Objective - To invest in a broad range of real estate and real estate related investments in Europe. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		\$ 1,581	\$ 2,683
Invesco Core Real Estate - U.S.A. Fund Investment Objective - The Fund will invest in core properties located in the United States. Redemption Provisions - Quarterly with 90 days written notice. A detail of the underlying investments is not available.		30,000	36,829
Kennedy Wilson Real Estate Fund IV, L.P. Investment Objective - To seek targeted real estate investment in the opportunistic and value-add strategies located primarily in the western United States. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		11,665	11,665
Lone Star Real Estate Fund II Investment Objective - To invest in global real estate investments in distressed commercial real estate debt and equity. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		689	342
Lone Star Fund VII Investment Objective - To invest in global real estate investments in distressed loans and securities, with a focus on single family and residential assets. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		1,250	946
Mesa West Real Estate Income Fund II, L.P. Investment Objective - To originate and service first mortgage and mezzanine loans on middle-market, value-added and traditional commercial real estate assets in the United States. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		13,641	13,214
Quadrant Fund I, LLC Investment Objective - To achieve a highly stable dividend yield and attractive total return by investing in real estate assets on a relative value basis across private and public, debt and equity investments. Redemption Provisions - Quarterly on the last business day. No underlying investments exceed 5% of net assets of the Private Real Estate Pool.		15,000	11,468
RCG Longview Debt Fund IV, L. P. Investment Objective - To generate attractive risk-adjusted returns by capitalizing on inefficiencies in the commercial real estate lending marketplace. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		16,690	13,798
RREEF America REIT II, Inc. Investment Objective - To invest in a portfolio of core equity investments in income producing real property diversified by property type and geographically in the United States. Redemption Provisions - Quarterly with 45 days written notice. A detail of the underlying investments is not available.		30,000	33,325
UBS Trumbull Property Fund Investment Objective - To invest in a portfolio of core equity investments in income producing real property diversified by property type and geographically in the United States. Redemption Provisions - Quarterly with 60 days written notice. A detail of the underlying investments is not available.		50,000	50,862
Total Investments in Other Funds - 70.7%		170,516	175,132

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Real Estate Investment Trusts			
<i>Australia</i>			
CFS Retail Property Trust	91,957	169	179
Dexus Property Group	301,400	233	284
Goodman Group	342,528	210	259
GPT Group	196,380	549	663
ING Office Fund	291,800	165	201
Mirvac Group	125,700	159	168
Stockland	210,300	772	768
Westfield Group	66,400	706	616
Westfield Retail Trust	120,390	207	349
<i>Total Australia - 1.4%</i>		3,170	3,487
<i>Bermuda</i>			
Great Eagle Holdings Ltd	15,000	44	50
Hongkong Land Holdings	202,900	1,223	1,445
Kerry Properties Ltd	177,800	918	857
Shangri-La Asia Ltd	240,416	544	588
<i>Total Bermuda - 1.2%</i>		2,729	2,940
<i>Brazil</i>			
BR Malls Participacoes	6,700	72	77
Sonae Sierra Brasil	3,800	46	59
<i>Total Brazil - 0.1%</i>		118	136
<i>Canada</i>			
Boardwalk	11,300	479	565
Brookfield Asset Management	2,600	85	86
Brookfield Properties Corp	20,600	341	397
Calloway	8,200	186	214
Canadian	1,600	47	55
Cominar Real Estate Investment	3,500	71	80
H&R REIT	4,900	89	110
Primaris Retail	2,500	46	54
RioCan	37,954	867	1,020
<i>Total Canada - 1.0%</i>		2,211	2,581
<i>Cayman Islands</i>			
Lifestyle International Hldngs	310,000	704	904
Longfor Properties	109,000	165	167
Shimae Property Holdings	82,000	128	101
Soho China Ltd	100,000	87	89
<i>Total Cayman Islands - 0.5%</i>		1,084	1,261
<i>China</i>			
Guangzhou R&F Properties Corp - 0.1%	185,000	284	252
<i>France</i>			
Accor SA	3,260	148	146
ICADE	6,480	694	799
Klepierre	12,589	488	520
Mercialys	3,400	124	144
Nexity	2,660	123	127
Societe Immobiliere de Locatio	860	106	123
Unibail-Rodamco	8,335	1,689	1,927
<i>Total France - 1.5%</i>		3,372	3,786
<i>Germany</i>			
GSW Immobilien AG	3,490	96	120
IVG Immobilien AG	6,920	63	54
<i>Total Germany - 0.1%</i>		159	174
<i>Hong Kong</i>			
Cheung Kong Holdings Ltd	9,000	127	132

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
China Overseas Land & Invstmnt	440,000	905	943
Hang Lung Properties Ltd	213,000	937	873
Hysan Development Company	205,192	745	1,014
Link REIT	120,600	366	411
Sino Land Company Ltd.	32,000	65	51
Sun Hung Kai Properties Ltd	68,300	1,080	994
Wharf Hldgs Ltd	67,720	415	470
<i>Total Hong Kong - 2.0%</i>		4,640	4,888
<i>Japan</i>			
Advance Residence Investment	32	64	67
AEON Mall Company Ltd	26,000	593	625
Daiwa House Industry Co Ltd	47,000	513	588
Frontier Real Estate Inv Corp	16	137	140
Japan Real Estate Inv Corp	25	230	245
Japan Retail Fund Inv Corp	42	59	64
Kenedix Realty Investment Corp	15	55	58
Mitsubishi Estate Co Ltd	71,600	1,219	1,247
Mitsui Fudosan Co Ltd	72,500	1,301	1,237
Nippon Accommodations Fund	12	78	90
Nippon Building Fund Inc	15	147	146
Nomura Real Estate Holdings	4,100	79	68
Sumitomo Realty & Development	14,300	305	317
United Urban Investment Corp	56	59	64
<i>Total Japan - 2.0%</i>		4,839	4,956
<i>Netherlands</i>			
Corio NV	2,850	197	189
Eurocommercial Properties NV	990	47	49
<i>Total Netherlands - 0.1%</i>		244	238
<i>Singapore</i>			
Ascendas REIT	53,000	85	88
CapitaCommercial Trust	246,000	263	291
Capitaland Ltd	325,500	931	772
CapitaMall Trust	33,500	49	51
City Developments Ltd	72,000	636	610
Global Logistic Properties	184,600	289	310
Keppel Land Ltd	21,000	76	62
Suntec REIT	95,000	109	116
Wing Tai Holdings Ltd	176,000	230	211
<i>Total Singapore - 1.0%</i>		2,668	2,511
<i>Spain</i>			
Sol Melia SA - 0.3%	60,000	506	725
<i>Sweden</i>			
Castellum AB	27,068	327	407
Hufvudstaden AB	4,580	47	55
<i>Total Sweden - 0.2%</i>		374	462
<i>Switzerland</i>			
Swiss Prime Site AG - 0.1%	1,430	98	123
<i>Thailand</i>			
Central Pattana Public Company - 0.2%	450,000	416	428
<i>United Kingdom</i>			
British Land Company PLC	26,126	201	255
Derwent London PLC	30,920	721	906
Grainger PLC	14,120	25	29
Great Portland Estates PLC	64,870	328	454
Hammerson PLC	10,800	66	83
Land Securities Group PLC	90,820	956	1,243

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Safestore Holdings PLC	33,000	66	73
SEGRO	13,370	64	67
Sfatesbury PLC	30,433	196	258
<i>Total United Kingdom - 1.4%</i>		2,623	3,368
<i>United States</i>			
Alexandria Real Estate Equity	3,500	247	271
American Campus Communities	12,600	383	448
Apartment Invt & Mgmt Co	10,800	243	276
Avalonbay Communities Inc	4,500	480	578
Boston Properties	18,000	1,513	1,911
BRE Properties	6,900	292	344
Developers Diversified Realty	19,700	237	278
Douglas Emmett Inc	15,700	266	312
Equity Residential	16,500	795	990
Essex Property Trust Inc	6,700	750	906
Federal Realty Investment Tst	10,700	836	911
General Growth Properties Inc	26,034	383	435
HCP Inc	27,900	1,005	1,024
Health Care Inc	12,800	658	671
Highwoods Properties Inc	12,700	421	421
Host Hotels & Resorts Inc	60,900	959	1,032
Kimco Realty Corporation	10,400	186	194
Liberty Property Trust	10,700	346	349
Macerich Co	11,000	470	589
Nationwide Health PPTYS Inc	8,900	336	369
Pebblebrook Hotel Trust	5,400	107	109
Prologis Inc	56,481	1,760	2,024
Public Storage	11,400	1,142	1,300
Regency Centers Corp	4,000	159	176
Simon Property Group	23,900	2,238	2,778
SL Green Realty Corp	9,300	611	771
Starwood Hotels & Resorts	13,700	802	768
Tanger Factory Outlet Centers	5,300	125	142
Taubman Centers Inc	8,700	391	515
UDR Inc	14,600	312	358
Ventas Inc	8,200	419	432
Vornado Realty Trust	17,200	1,410	1,603
<i>Total United States - 9.3%</i>		20,282	23,285
Total Real Estate Investment Trusts - 22.4%		49,817	55,601
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 6.9%	17,010,713	17,011	17,011
Total Investment Securities - 100.0%		\$ 237,344	\$ 247,744
<u>Collateral for Securities Loaned</u>			
BNY Mellon Securities Lending Overnight Fund		\$ 9,364	\$ 9,364
Mellon SL DBT II Liquidating Fund		52	50
Total Collateral for Securities Loaned		\$ 9,416	\$ 9,414

See accompanying notes to financial statements.

Real Estate Pool

Statement of Operations Year Ended June 30, 2011 *(Amounts in thousands)*

Investment income

Interest	\$	2,084
Operating income from real estate partnerships		970
Dividends, net of foreign withholding taxes		1,370
Net amortization		(895)
Securities lending income		5
Securities lending borrower premiums		11
		<hr/>
Total investment income		3,545

Expenses

Investment advisor fees		(351)
Trustee fees		(1)
Custodian bank fees		(96)
Management fees		(94)
Fiduciary bond fees		(1)
Professional service fees		(467)
Management fees - external		(300)
Securities lending agent fees		(3)
		<hr/>
Total expenses		(1,313)

Investment income, net 2,232

Realized and unrealized gain from investments and foreign currency

Net realized gain from:		
Investments		21,643
Foreign currency transactions		154
Net increase in the fair value of:		
Investments		7,563
Translation of assets and liabilities in foreign currencies		1,335
		<hr/>
Net gain from investments and foreign currency		30,695
		<hr/>
Net increase in net assets from operations	\$	32,927

See accompanying notes to financial statements.

Real Estate Pool

Statement of Changes in Net Assets

Year Ended June 30, 2011

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	2,232
Net realized gain from investments		21,643
Net realized gain from foreign currency transactions		154
Net increase in the fair value of investments		7,563
Net increase in the translation of assets and liabilities in foreign currencies		<u>1,335</u>
Net increase in net assets from operations		32,927

Unit transactions

Proceeds from sale of units		124,607
Amount paid for repurchase of units		<u>(404,970)</u>
Net decrease in net assets from unit transactions		<u>(280,363)</u>

Decrease in net assets (247,436)

Net assets, beginning of period 495,267

Net assets, end of period \$ 247,831

Unit data

Units sold		14,770,292
Units repurchased		<u>(49,942,069)</u>
Net decrease in units		<u><u>(35,171,777)</u></u>

See accompanying notes to financial statements.

Real Estate Pool

Statement of Cash Flows Year Ended June 30, 2011 (Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$ 32,927
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(225,211)
Proceeds from disposition of investment securities	499,118
Purchases and sales of short-term investment securities, net	78
Decrease in accrued interest receivable	3,525
Increase in receivable for investments sold	(105)
Increase in dividends receivable	(117)
Increase in foreign tax withholding receivable	(11)
Increase in securities lending receivable	(2)
Increase in accrued expenses	49
Decrease in payable for investments purchased	(93)
Net amortization	895
Net realized gain from investments	(21,643)
Net realized gain from foreign currency transactions	(154)
Net increase in the fair value of investments	(7,563)
Net increase in the translation of assets and liabilities in foreign currencies	(1,335)

Net cash provided by operating activities 280,358

Cash flows from financing activities

Proceeds from units sold	124,607
Paid for repurchase of units	(404,970)

Net cash used in financing activities (280,363)

Net change in cash (5)

Cash

Beginning balance	5
Ending balance	\$ -

See accompanying notes to financial statements.

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The Real Estate Pool (Pool) was renamed as of June 30, 2011. It was previously known as the Private Real Estate Pool. The accompanying financial statements reflect only the investments and investment related operations of the IMB's Pool. They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool holds the IMB's investments in real estate funds, real estate limited partnerships and real estate investment trusts (REITs). Courtland Partners, Ltd. has been retained by the IMB to provide consulting services for the real estate funds and limited partnerships. The REITs are managed by European Investors, Inc. and ING Clarion Real Estate Securities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in other funds, which are not publicly traded, are carried at net asset value as a practical expedient for fair market value. The Pool has \$175,132 of such investments in partnerships and other investment funds which are reported at fair value. For all of these investments, the IMB has concluded that the net asset value reported by the underlying fund approximates the fair value of the investment. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the interests in the funds. Although a secondary market exists for these investments, it is not active and individual

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the carrying amount of such investments is a reasonable estimate of fair value as of June 30, 2011. Foreign currency forward contracts have relatively short durations and are valued at the prevailing market exchange rates at month end. Investments in REITs are carried at fair value, which is determined by a third party pricing service based on quoted market prices. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions. Commissions on the purchases of securities by the IMB are a component of the security price quoted by the seller and are included in the investment cost.

Security Loans - The IMB, through its agent, the Bank of New York Mellon, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102 percent of the market value of the securities loaned. For international securities, the collateral is at least 105 percent of the market value of the securities on loan. Cash collateral received is invested in the BNY Institutional Cash Reserves Trust, specifically the BNY Mellon Securities Lending Overnight Fund, and the Mellon GSL Reinvestment Trust, specifically the Mellon SL DBT II Liquidating Fund. Cash collateral received is reported at fair value on the Statement of Assets and Liabilities. Securities loaned remain on the Statement of Assets and Liabilities and Schedule of Investments in Securities. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the Statement of Operations as securities lending income. The agent fees and broker rebates are reported as expenses, and unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the net increase or decrease in the fair value of investments. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Operations as net increase or decrease in the fair value of investments.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Bank of New York Mellon on the following basis:

- a. Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- b. Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

The IMB isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from market prices of securities held.

Reported net realized foreign exchange gains and losses arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities including investments in securities at month end, resulting from changes in the exchange rate.

Foreign Currency Forward Contracts - A foreign currency forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The managers enter into such contracts to hedge the assets and liabilities related to securities denominated in a foreign currency. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

end. An unrealized gain or loss is recorded as the difference between the amount valued at month end and the amount to be received or paid at the expiration date. The unrealized gain or loss is reclassified to realized gain or loss when the contract expires.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Gains and Losses - Gains and losses on investments in real estate funds are recognized when the real estate fund has realized its interest in a portfolio holding and we have sufficient information as to the amount and date of the distribution. Gains and losses on the sale of other investments are recognized at the time of sale by the average cost method.

Interest Income - Interest income is recognized as earned on the accrual method.

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

Operating Income - Operating income from real estate partnerships is recognized when distributed to the partners.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

In certain foreign countries the Pool's dividend income and capital gains may be taxable. Such taxes are generally withheld from the payments of these types of income and as a result there is no provision recorded for these taxes. In certain cases there may be a full or partial reclaim available for the withheld taxes. The outstanding reclaims are reported on the Statement of Assets and Liabilities. Dividend income is reported net of withheld taxes on the Statement of Operations.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool is not exposed to credit risk, interest rate risk, or custodial credit risk. Securities lending collateral that is reported in the Statement of Assets and Liabilities is invested in the lending agent's collateral reinvestment fund. At June 30, 2011, the Pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the Pool. The Pool has real estate investment trusts and shares of an institutional commingled fund that are denominated in foreign currencies and are exposed to foreign currency risks. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2011 the IMB was in compliance

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

with this limitation. The amounts at fair value (in U.S. dollars) of the securities denominated in foreign currencies as of June 30, 2011 are as follows:

Currency	Investments	Total
Australian Dollar	\$ 3,488	\$ 3,488
Brazil Cruzeiros Real	136	136
British Pound	6,053	6,053
Canadian Dollar	2,099	2,099
Euro Currency Unit	4,922	4,922
Hong Kong Dollar	7,899	7,899
Japanese Yen	4,955	4,955
Singapore Dollar	2,510	2,510
Swedish Krona	462	462
Swiss Franc	123	123
Thailand Baht	428	428
Total	<u>\$ 33,075</u>	<u>\$ 33,075</u>

This table excludes securities held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated securities is \$214,669.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Real estate investment trusts	\$ 55,601	\$ -	\$ -	\$ 55,601
Regulated investment companies	-	17,011	-	17,011
Investments in other funds	-	-	175,132	175,132
Securities lending collateral funds	-	9,414	-	9,414
Total	\$ 55,601	\$ 26,425	\$ 175,132	\$ 257,158

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2011 was as follows:

	Investments in other funds
Balance at June 30, 2010	\$ 20,599
Net realized gain	582
Net change in unrealized appreciation	13,855
Purchases	142,420
Sales	(2,324)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2011	\$ 175,132

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2011.

Fair value of securities on loan	\$ 9,155		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	\$ 9,416	\$ 9,414	\$ (2)
Non-cash	-	-	-
Total	\$ 9,416	\$ 9,414	\$ (2)

NOTE 7. COMMITMENTS

The IMB, with the assistance of its consultant, began implementing its plan to invest in real estate in February 2008. The IMB committed \$380,000 to twelve real estate investment funds/partnerships. The IMB had funded \$170,516 of these commitments at June 30, 2011, leaving unfunded commitments of \$209,484.

Real Estate Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 8. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2010	\$ 7.88
Income from investment operations:	
Net investment income	0.07
Net realized and unrealized gain on investment transactions	0.97
Net increase in the translation of assets and liabilities in foreign currencies	0.04
Total from investment operations	1.08
Net asset value at June 30, 2011	\$ 8.96
Time-weighted Total Return *	13.8%
Supplemental Data:	
Net assets, end of period	\$ 247,831
Ratio to average net assets:	
Expenses **	0.45%
Net investment income **	0.77%
Portfolio turnover rate	82.56%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

NOTE 9. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 119,095
Public Employees' Retirement System	107,921
State Police Death, Disability and Retirement Fund	11,533
Judges' Retirement System	3,060
Deputy Sheriff's Retirement System	2,748
State Police Retirement System	1,683
Wildlife Endowment Fund	1,003
Emergency Medical Services Retirement System	788
Total	\$ 247,831

NOTE 10. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

June 30, 2011

Hedge Fund Pool

Hedge Fund Pool

Audited Financial Statements June 30, 2011

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KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, as of June 30, 2011, and the related statements of operations, changes in net assets, and cash flows for the year then ended for the West Virginia Investment Management Board (WVIMB) Hedge Fund Pool. These financial statements are the responsibility of WVIMB management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVIMB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on a basis of accounting following U.S. generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) applicable to investment companies which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles for state and local governments established by the Government Accounting Standards Board.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Hedge Fund Pool as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the year then ended on the comprehensive basis of accounting described in the preceding paragraph and in note 1.

KPMG LLP

September 12, 2011

Hedge Fund Pool

Statement of Assets and Liabilities

June 30, 2011

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	992,561
Advance on investment in other funds (Note 6)		30,000
Receivables:		
Investments sold		50,464
Dividends		<u>2</u>
Total assets		1,073,027

Liabilities

Accrued expenses		<u>104</u>
Net assets	\$	<u><u>1,072,923</u></u>

Analysis of net assets

Paid-in capital	\$	964,671
Accumulated undistributed net investment loss		(2,568)
Accumulated undistributed net realized gain from investments		8,973
Unrealized net appreciation of investments		<u>101,847</u>
Net assets	\$	<u><u>1,072,923</u></u>

Unit data

Units outstanding		97,611,259
Net asset value, unit price	\$	<u><u>10.99</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Investments in Other Funds</u>			
AllBlue Limited		\$ 48,048	\$ 66,629
Investment Objective - To provide consistent long-term appreciation of assets through active investment in a diversified portfolio.			
Redemption Provisions - Monthly on the first business day with 33 days prior written notice subject to provisions on maximum withdrawals.			
A detail of the underlying investments is not available.			
Anchorage Capital Partners		30,000	31,272
Investment Objective - To earn superior risk-adjusted returns while emphasizing preservation of capital.			
Redemption Provisions - Hard lock-up through September 30, 2011 then annually with 90 days prior written notice subject to provisions on maximum withdrawals.			
A detail of the underlying investments is not available.			
Bennelong Asia Pacific		3,477	3,135
Investment Objective - To achieve long- and short-term capital appreciation primarily through equity investments in companies organized or operating in the Asia Pacific region.			
Redemption Provisions - Redemption has been requested and proceeds will be paid upon liquidation of the investments.			
A detail of the underlying investments is not available.			
Brevan Howard Fund Limited		39,386	49,685
Investment Objective - To generate consistent long-term appreciation through active leveraged trading and investment on a global basis.			
Redemption Provisions - Monthly with 90 days prior written notice subject to provisions on maximum withdrawals.			
A detail of the underlying investments is not available.			
Bridgewater Pure Alpha		43,886	58,205
Investment Objective - To achieve substantial capital appreciation in a wide range of asset classes using proprietary investment systems.			
Redemption Provisions - Monthly with 5 days prior written notice.			
A detail of the underlying investments is not available.			
Bridgewater Pure Alpha Major Markets		6,400	6,877
Investment Objective - To achieve substantial capital appreciation in a wide range of asset classes using proprietary investment systems.			
Redemption Provisions - Monthly with 5 days prior written notice.			
A detail of the underlying investments is not available.			

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
CQS Convertible & Quantitative Strategies Investment Objective - To achieve attractive risk-adjusted returns over the medium to long term. Redemption Provisions - Monthly with 90 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		33,234	32,021
Davidson Kempner International, Ltd. Investment Objective - To achieve capital appreciation. Redemption Provisions - Quarterly with 60 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		57,915	72,485
Double Black Diamond Ltd. Investment Objective - To produce returns substantially in excess of those derived from risk-free investments without a substantial increase in overall risk. Redemption Provisions - Hard lock-up through December 31, 2011 then quarterly with 60 days prior written notice subject to maximum withdrawal provisions. A detail of the underlying investments is not available.		60,000	61,211
Golden Tree Offshore Fund, Ltd. Investment Objective - To achieve superior risk-adjusted total returns through investments in public and private non-investment grade and nonrated debt securities. Redemption Provisions - Quarterly with 90 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		31,280	42,314
Highbridge Capital Investment Objective - To attain consistent capital appreciation with low volatility through arbitrage and absolute return investment strategies in the global equity and corporate debt securities markets. Redemption Provisions - Quarterly with 45 days prior written notice for 42% and quarterly with 65 days prior written notice for 58%. A detail of the underlying investments is not available.		59,870	62,438
Ivory Offshore Investment Objective - To take long and short positions primarily in equity securities of publicly traded companies. Redemption Provisions - Quarterly with 45 days prior written notice. A detail of the underlying investments is not available.		36,816	39,501

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Magnetar Capital Fund Investment Objective - To achieve superior risk-adjusted returns. Redemption Provisions - Quarterly with 90 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		73,577	72,921
Marshall Wace LLP Investment Objective - To provide investors with above average absolute returns primarily through investing and trading in equities and equity related instruments. Redemption Provisions - Monthly with 15 days prior written notice. A detail of the underlying investments is not available.		45,000	45,279
M&G Episode Investment Objective - To deliver attractive returns with appropriate volatility by seeking to exploit the mis-pricing of asset class and intra-asset class risk. Redemption Provisions - Monthly with 30 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		28,290	30,377
O'Connor Global Investment Objective - To realize consistently high risk-adjusted appreciation in the value of its assets. Redemption Provisions - Quarterly with 60 days prior written notice. A detail of the underlying investments is not available.		51,959	67,937
Och Ziff Investment Objective - To achieve consistent, absolute returns with low volatility primarily by seeking to exploit pricing inefficiencies in equity debt securities of Asian companies. Redemption Provisions - Hard lock-up through September 30, 2011 then annually with 45 days prior written notice. A detail of the underlying investments is not available.		40,000	43,099
Perry Partners Investment Objective - To achieve positive annual returns accompanied by a low level of beta and volatility in correlation relative to equity markets. Redemption Provisions - Quarterly with 90 days prior written notice subject to provisions on maximum withdrawals. A detail of the underlying investments is not available.		60,000	69,649

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2011

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Shepherd Investments		28,938	30,318
Investment Objective - To achieve an attractive rate of return, relative to the level of risk assumed.			
Redemption Provisions- Redemption has been requested and proceeds will be paid subject to provisions on maximum withdrawals and upon liquidation of investments.			
A detail of the underlying investments is not available.			
Taconic Opportunity		60,000	65,012
Investment Objective - To provide solid risk-adjusted, absolute returns by focusing on bottom-up, research-driven, probabilistic investing.			
Redemption Provisions - Quarterly with 60 days prior written notice subject to provisions on maximum withdrawals.			
A detail of the underlying investments is not available.			
Tenor Opportunity		30,000	29,987
Investment Objective - To generate attractive risk-adjusted returns by employing a variety of strategies primarily focused on convertible arbitrage.			
Redemption Provisions - Quarterly with 60 days prior written notice subject to to maximum withdrawal provisions.			
A detail of the underlying investments is not available.			
VICIS Capital		18,467	8,038
The IMB has elected to withdraw from the VICIS Capital fund. The redemption has been requested and proceeds will be paid as investments are liquidated.			
Total Investment in Other Funds - 92.1%		886,543	988,390
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 0.4%	4,171,083	4,171	4,171
Total Investment Securities 0.0%		\$ 890,714	\$ 992,561

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Assets
Year Ended June 30, 2011
(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$ (838)
Net realized gain from investments	16,051
Net increase in the fair value of investments	<u>68,727</u>
Net increase in net assets from operations	83,940

Unit transactions

Proceeds from sale of units	231,182
Amount paid for repurchase of units	<u>(366,229)</u>
Net decrease in net assets from unit transactions	<u>(135,047)</u>
Decrease in net assets	(51,107)
Net assets, beginning of period	<u>1,124,030</u>
Net assets, end of period	<u><u>\$ 1,072,923</u></u>

Unit data

Units sold	21,941,667
Units repurchased	<u>(34,511,138)</u>
Net decrease in units	<u><u>(12,569,471)</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Cash Flows
Year Ended June 30, 2011
(Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$	83,940
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:		
Purchase of investment securities		(211,400)
Proceeds from disposition of investment securities		420,578
Purchases and sales of short-term investment securities, net		(4,163)
Increase in advance on investment in other securities		(30,000)
Increase in receivable for investments sold		(39,105)
Increase in dividends receivable		(2)
Decrease in accrued expenses		(23)
Net realized gain from investments		(16,051)
Net increase in the fair value of investments		<u>(68,727)</u>
Net cash provided by operating activities		135,047

Cash flows from financing activities

Proceeds from units sold		231,182
Paid for repurchase of units		<u>(366,229)</u>
Net cash used in financing activities		<u>(135,047)</u>

Net change in cash -

Cash

Beginning balance		<u>-</u>
Ending balance	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public body corporate created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other State government funds.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other Trustees for a term of six years.

The IMB operates on a fiscal year beginning July 1 and ending June 30.

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, these financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants.

These financial statements have been prepared on a basis of accounting following U.S. generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than GAAP for state and local governments established by the Government Accounting Standards Board. The IMB has selected this basis of accounting because it believes that the disclosures required for investment companies better reflect the purpose and operations of the Pool.

A summary of the differences between financial statements prepared in accordance with GAAP for investment companies and GAAP for state and local governments are as follows:

	Investment Company GAAP	State and Local GAAP
Management Discussion and Analysis	Not required	Required
Schedule of Investments in Securities	Required	Not required
Statement of Operations	Required	Not required
Investment Risk Disclosures	Not required	Required
Financial Highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or unit transactions between GAAP for investment companies and GAAP for state and local governments.

The Pool was established to hold the IMB's investments in hedge funds. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The IMB invests funds of the State and its component units, all of which are government entities. Investments in other funds, which are not publicly traded, are carried at net asset value as a practical expedient for fair market value. The Pool has \$988,390 of investments in such alternative investment funds which are reported at fair value. For all of these investments, the IMB has concluded that the net asset value reported by the underlying fund approximates the fair value of the investment. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the interests in the funds. Although a secondary market exists for these

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the redemption rights in the funds were restricted or eliminated and the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the carrying amount of such investments is a reasonable estimate of fair value as of June 30, 2011. The investment in the Dreyfus Cash Management Institutional Fund, a regulated investment company money market mutual fund, is valued at \$1.00 per share. This is a reasonable estimate of the fair value and is the basis for current transactions.

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

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Gains and Losses - Gains and losses on the sale of investments in other funds are recognized at the time of sale by the average cost method.

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

Distributions to Participants - The Pool does not routinely distribute dividends of net investment income or net realized gains.

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool.

Income Taxes - In accordance with FASB Accounting Standards Codification (ASC) 740 Income Taxes, the IMB has considered and assessed the impact of uncertain tax positions and determined that it has no such positions and therefore there is no impact on the Pool's financial statements. The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of June 30, 2011.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds shares in various commingled institutional funds and shares of a money market fund with the highest credit rating. The commingled institutional funds are not rated by any of the nationally recognized statistical rating agencies and thus any credit risk cannot be accurately reported. The Pool is not exposed to interest rate risk, custodial credit risk, or concentration of credit risk. The Pool is indirectly exposed to foreign currency risk as certain of the funds have investments denominated in foreign currencies. At June 30, 2011, approximately \$457,406 or 46 percent, of the market value of the funds were held in foreign currencies.

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04: Fair Value Measurement, an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first annual period beginning after December 15, 2011. The adoption of this pronouncement is not expected to have a material impact on the Pool's financial statements.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

ASC 820 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Regulated investment companies	\$ -	\$ 4,171	\$ -	\$ 4,171
Investments in other funds	-	-	988,390	988,390
Total	\$ -	\$ 4,171	\$ 988,390	\$ 992,561

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2011.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2011 was as follows:

	Investments in other funds
Balance at June 30, 2010	\$ 1,112,790
Net realized gain	16,051
Net change in unrealized appreciation	68,727
Purchases	211,400
Sales	(420,578)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2011	\$ 988,390

NOTE 6. ADVANCE ON INVESTMENTS IN OTHER FUNDS

On June 24, 2011, the IMB funded \$30 million to Graham Capital Management, L.P. As of June 30, 2011, this amount has been recorded as an advance on investments in other funds. The terms of Graham Global Investment Fund, Ltd., K4D-15V Portfolio require subscription amounts to be received at least four days in advance of the subscription day which occurred on July 1, 2011 for the IMB.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands, except share data)

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2010	\$	10.20
Income from investment operations:		
Net investment loss		(0.01)
Net realized and unrealized gain on investment transactions		0.80
Total from investment operations		0.79
Net asset value at June 30, 2011	\$	10.99

Time-weighted Total Return * 7.8%

Supplemental Data:

Net assets, end of period	\$	1,072,923
Ratio to average net assets:		
Expenses **		0.08%
Net investment income **		-0.07%
Portfolio turnover rate		20.21%

* Return data is net of fees for the full fiscal year

** All ratios are for the fiscal year

NOTE 8. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2011.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 426,630
Public Employees' Retirement System	386,499
Retiree Health Benefit Trust	83,454
Coal Workers' Pneumoconiosis Fund	51,309
State Police Death, Disability and Retirement Fund	43,663
Board of Risk and Insurance Management	25,653
Public Employees' Insurance Agency	16,965
Judges' Retirement System	11,557
Deputy Sheriff's Retirement System	10,697
State Police Retirement System	6,398
Wildlife Endowment Fund	3,835
Emergency Medical Services Retirement System	2,714
Workers' Compensation Uninsured Employers Fund	1,802
Workers' Compensation Self-Insured Guaranty Risk Pool	1,747
Total	\$ 1,072,923

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2011 through September 12, 2011, the date the Pool's financial statements were available for issuance. On August 5, 2011, one of the three major rating agencies, Standard and Poor's, announced a downgrade of the credit rating of U.S. Treasury debt from AAA to AA+ and followed this on August 8, 2011 with a downgrade, also from AAA to AA+, of Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt. The remaining two rating agencies, Moody's Inc. and Fitch, continue to rate U.S. Treasury debt, Federal National Mortgage Association debt and Federal Home Loan Mortgage Corporation debt at the highest ratings. The long term impact on the investments of the Pool cannot be determined with certainty at this time.

Audited Financial Statements

Administrative Fund

Audited Financial Statements

June 30, 20%

Administrative Fund

Administrative Fund

Audited Financial Statements June 30, 2011

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Administrative Fund

Management's Discussion and Analysis

This discussion and analysis of the West Virginia Investment Management Board's (IMB) financial performance provides an overview of the IMB's administrative financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the IMB Administrative Fund basic financial statements, which follow this discussion. The IMB operates investment pools and issues separate audited financial statements on the investment pools.

FINANCIAL HIGHLIGHTS

- The IMB is required by law to charge a fee sufficient to cover the cost of providing investment management services. Investment service fee revenues were \$32 million as compared to \$28 million for the previous fiscal year. The change primarily results from an increase in fees charged to cover investment advisor fees. This increase can be attributed to higher assets under management. Net assets of the investment pools managed by the IMB increased by \$2.1 billion from the previous year.
- Fees paid to outside investment advisors increased by \$3.2 million over the previous year as a result of an increase in assets under management. The average expense ratio for investment advisor fees across all pools was 19.9 basis points for the year as compared to 20.2 basis points for the previous year.
- Custodian bank fees increased by \$25,000 from the previous year largely as a result of the increase in assets. The increase was minimized as a result of a revised lower custody fee schedule being adopted during the year.
- Fees for professional services increased by \$137,000. This increase is attributable to higher consulting fees and legal fees.
- Administrative expenses increased by \$275,000, or 7.8 percent from the previous year. The expense ratio for administrative expenses was 3.1 basis points of average net assets as compared to 3.3 basis points for the previous year. Increased personnel costs accounted for the majority of the increase. Total salary expense for the fiscal year ended June 30, 2011 was \$2,114,000 as compared to \$1,839,000 for the prior fiscal year. In total, administrative expenses were \$934,000 lower than the expenses included in the fiscal year budget approved by the Board of Trustees.
- Dividend income was consistent with the prior year.

THE FINANCIAL REPORTS

This financial report consists of three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. These statements include all assets and liabilities of the IMB Administrative Fund using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting takes into account all revenues and expenses regardless of when cash is received or paid. These statements give an overall perspective of the IMB Administrative Fund's financial position and the changes in the financial position during the current fiscal year.

The Statement of Net Assets presents the IMB Administrative Fund's assets and liabilities, with the difference between the two reported as net assets. The Statement of Revenues, Expenses, and Changes in Net Assets describe how the IMB Administrative Fund's net assets changed during the fiscal year. The Statement of Cash Flows identifies the sources of cash received by the IMB Administrative Fund and how that cash was used in the IMB Administrative Fund's activities during the year. The ending cash presented in this statement is a significant portion of the IMB Administrative Fund's assets as reported in the Statement of Net Assets. This statement also contains a reconciliation of the operating profit as reported in the Statement of Revenues, Expenses, and Changes in Net Assets to the cash provided by the IMB Administrative Fund's operating activities during the year.

Administrative Fund

Management's Discussion and Analysis

FINANCIAL ANALYSIS

The IMB Administrative Fund's total assets as of June 30, 2011, were \$10.4 million, and were mostly comprised of cash and cash equivalents and receivables for investment service fees. This was \$0.6 million higher than the previous year.

Total liabilities as of June 30, 2011, were \$6.0 million, consisting of invoices payable and accrued liabilities for investment management and consulting fees, custodial fees, and administrative expenses. This was \$0.5 million higher than the previous year.

The increases in assets and liabilities can be attributed to higher fees payable to investment advisors. This in turn results in higher cash on hand and receivables from the investment portfolios.

Table 1 Net Assets and Assets Under Management (In thousands)	2011	2010
Cash and cash equivalents	\$ 6,183	\$ 5,320
Receivables	4,026	4,312
Other assets	<u>155</u>	<u>169</u>
Total assets	10,364	9,801
Total liabilities	<u>(6,022)</u>	<u>(5,464)</u>
Net assets	<u>\$ 4,342</u>	<u>\$ 4,337</u>
Composition of net assets:		
Invested in capital assets	\$ 40	\$ 23
Unrestricted	4,302	4,314
Net assets under management at June 30	\$ 12,757,293	\$ 10,622,518

Table 2 Changes in Net Assets (In thousands)	2011	2010	Percentage Change
Investment service fees	\$ 31,950	\$ 28,021	14.0%
Expenses			
Advisor fees	(24,290)	(20,758)	17.0%
Custodian fees	(1,295)	(1,275)	1.6%
Trustee fees	(50)	(59)	-15.3%
Fiduciary bond expense	(51)	(52)	-1.9%
Professional service fees	(2,477)	(2,340)	5.9%
Administrative expenses	<u>(3,783)</u>	<u>(3,508)</u>	7.8%
Operating profit (loss)	4	29	-86.2%
Nonoperating revenues	<u>1</u>	<u>1</u>	0.0%
Increase in net assets	5	30	-83.3%
Net assets – beginning of year	<u>4,337</u>	<u>4,307</u>	0.7%
Net assets – end of year	<u>\$ 4,342</u>	<u>\$ 4,337</u>	0.1%

CAPITAL ASSETS

The IMB Administrative Fund made acquisitions of capital assets totaling \$33,534 during the current fiscal year. Also, there were no disposals of capital assets.

Administrative Fund

Management's Discussion and Analysis

CONTACTING THE IMB

This financial report is designed to provide its readers with a general overview of the IMB Administrative Fund's finances. If you have any questions about this report or need additional information including the audited financial statements of the IMB Investment Pools, contact the IMB at 500 Virginia Street, East, Suite 200, Charleston, WV 25301-2164, or visit us at www.wvimb.org.



KPMG LLP
BNY Mellon Center
Suite 2500
500 Grant Street
Pittsburgh, PA 15219-2598

Independent Auditors' Report

Board of Trustees
West Virginia Investment Management Board:

We have audited the accompanying statement of net assets of the West Virginia Investment Management Board Administrative Fund (the Fund), an internal service fund of the State of West Virginia, as of June 30, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the West Virginia Investment Management Board is comprised of an Administrative Fund and distinct Investment Pools. These financial statements present only the Administrative Fund of the West Virginia Investment Management Board and do not include the financial position and results of operations of the Investment Pools. Accordingly, these financial statements do not purport to, and do not, present the complete financial position of the West Virginia Investment Management Board as of June 30, 2011, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Administrative Fund as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.



The information in the Management's Discussion and Analysis section on pages i and ii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

September 12, 2011

Administrative Fund

Statement of Net Assets June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$ 6,183,100
Accounts receivable	4,025,838
Prepaid expenses	112,736
Dividend receivable	59

Total current assets 10,321,733

Noncurrent assets:

Prepaid expenses - noncurrent	2,472
Capital assets:	
Equipment	620,383
Office furniture	115,231
Leasehold improvements	45,492
Less accumulated depreciation	(741,140)

Total capital assets (net of accumulated depreciation) 39,966

Total noncurrent assets 42,438

Total assets 10,364,171

Liabilities

Current liabilities:

Accounts payable and accrued expenses	6,022,530
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Total current liabilities 6,022,530

Total liabilities 6,022,530

Net assets

Invested in capital assets	39,966
Unrestricted	4,301,675

Total net assets \$ 4,341,641

See accompanying notes to financial statements.

Administrative Fund

Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2011

Operating revenues

Investment service fees	<u>\$ 31,949,940</u>
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Total operating revenues	31,949,940
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Operating expenses

Advisor fees	24,290,482
Custodian fees	1,295,447
Trustee fees	50,000
Fiduciary bond expenses	50,894
Professional service fees	2,476,600
Administrative expenses	<u>3,782,664</u>

Total operating expenses	<u>31,946,087</u>
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Operating income	3,853
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Nonoperating revenues

Dividend income	<u>690</u>
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Total nonoperating revenues	<u>690</u>
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Increase in net assets	4,543
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Net assets, beginning of year	<u>4,337,098</u>
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Net assets, end of year	<u><u>\$ 4,341,641</u></u>
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See accompanying notes to financial statements.

Administrative Fund

Statement of Cash Flows Year Ended June 30, 2011

Cash flows from operating activities

Cash received from customers	\$ 32,238,522
Cash paid to suppliers	(28,341,588)
Cash paid to employees	<u>(3,001,333)</u>

Net cash provided by operating activities 895,601

Cash flows from capital and related financing activities

Purchase of equipment	<u>(33,534)</u>
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Net cash used for capital and related financing activities (33,534)

Cash flows from investing activities

Dividends on investments	<u>678</u>
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Net cash provided by investing activities 678

Net increase in cash and cash equivalents 862,745

Cash and cash equivalents, beginning of year 5,320,355

Cash and cash equivalents, end of year \$ 6,183,100

Reconciliation of operating income to net cash provided in operating activities:

Operating income	\$ 3,853
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	16,940
Change in assets and liabilities:	
Decrease in accounts receivable	288,583
Decrease in prepaid expenses	27,947
Increase in accounts payable and accrued expenses	<u>558,278</u>

Total adjustments 891,748

Net cash provided in operating activities \$ 895,601

See accompanying notes to financial statements.

Administrative Fund

Notes to Financial Statements

NOTE 1. NATURE OF ORGANIZATION

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public corporation created by *West Virginia Code §12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Pneumoconiosis funds, and certain other State government funds. The IMB has established distinct investment pools to efficiently invest the entrusted funds. Separate financial statements are issued for these investment pools. The IMB Administrative Fund's financial statements are included as an internal service fund of the State of West Virginia in the State's financial statements.

A Board of Trustees, consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other trustees for a term of six years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the IMB Administrative Fund conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the IMB Administrative Fund is not exposed to any significant credit or market risk on cash and cash equivalents. Cash equivalents are maintained with a financial institution in an institutional Treasury Money Market Fund which has an average maturity of less than 90 days.

Property & Equipment - Purchased equipment is recorded at cost. Donated equipment is recorded at estimated fair value at date of donation. Depreciation on purchased and donated assets is provided for over the estimated useful lives of the assets ranging from three years to five years using the straight-line method. Leasehold improvements are amortized over the life of the lease.

Revenues and Expenses - The IMB's Board of Trustees adopts an annual budget and fee schedule for services to be provided to the investment pools. Revenues of the IMB Administrative Fund are derived from the allocation of fees to the investment pools per the fee schedule. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Revenues and expenses are recorded when earned or incurred in accordance with the economic resources measurement focus and the accrual basis of accounting. The carrying value of investment service fees receivable approximates its fair value.

Government Accounting Standards Board (GASB) Statement Number 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" - The IMB Administrative Fund applies all applicable GASB pronouncements, and has elected to apply only those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and is exempt from federal and state taxation. Accordingly, the IMB Administrative Fund financial statements have been prepared recognizing that the IMB is not subject to federal or state income taxes.

Administrative Fund

Notes to Financial Statements

NOTE 3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, being depreciated:				
Office equipment	\$ 586,849	\$ 33,534	\$ -	\$ 620,383
Office furniture	115,231	-	-	115,231
Leasehold improvements	45,492	-	-	45,492
Total capital assets, being depreciated	747,572	33,534	-	781,106
Less accumulated depreciation for:				
Office equipment	(563,477)	(16,940)	-	(580,417)
Office furniture	(115,231)	-	-	(115,231)
Leasehold improvements	(45,492)	-	-	(45,492)
Total accumulated depreciation	(724,200)	(16,940)	-	(741,140)
Capital assets, net	<u>\$ 23,372</u>	<u>\$ 16,594</u>	<u>\$ -</u>	<u>\$ 39,966</u>

Depreciation expense of \$16,940 was charged to the investment management activity and is included in the administrative expenses.

NOTE 4. OPERATING LEASES

On December 7, 2006, the IMB executed an amendment to renew its long-term lease, originally dated August 26, 2002, for a period of five years beginning on January 1, 2008 at a monthly cost of \$15,523. Under the original and amended lease, beginning on January 1, 2004, and continuing throughout the term, the IMB shall pay as additional rent a portion of the increase in utility costs and taxes over the base year 2003 amounts. Rent expense for the period July 1, 2010 to June 30, 2011 totaled \$201,259. The IMB may extend the lease for an additional three years at the then existing fair market rental rate by giving notice to the landlord seven months prior to the expiration of the lease.

The following is a schedule of future minimum rental payments required under this lease:

Fiscal Years ending June 30:

2012	\$ 186,280
Thereafter	\$ 93,140

NOTE 5. EMPLOYEE BENEFIT PLAN

The IMB provides a defined contribution money purchase pension plan covering all of its employees. An employee becomes eligible to participate in the plan on the earlier of the January 1 or July 1 coinciding with or following the employee's hire date. The IMB contributes 10 percent of each covered employee's salary. Contributions for the period from July 1, 2010 to June 30, 2011 totaled \$210,888. The plan provides for a five-year vesting schedule with vesting increasing 20 percent per year.

Administrative Fund

Notes to Financial Statements

NOTE 6. CASH AND INVESTMENT RISK

At June 30, 2011, all of the IMB Administrative Fund's cash equivalents are invested in an institutional Treasury Money Market fund. This investment fund is rated Aaa by Moody's and AAA by Standard & Poor's and has no significant custodial credit risk or interest rate risk. The investment fund invests in U.S. Treasuries and is not exposed to a concentration of credit risk or any foreign currency risk. Cash balances are held in a FDIC insured bank account, the balance of which is below the \$250,000 insurance limit at all times.

NOTE 7. SUBSEQUENT EVENT

On August 5, 2011, Standard & Poor's downgraded the US Government credit rating from AAA to AA+. It is unclear what if any impact this downgrade will have on the overall rating of the Treasury Money Market Fund referenced in Note 6 above.