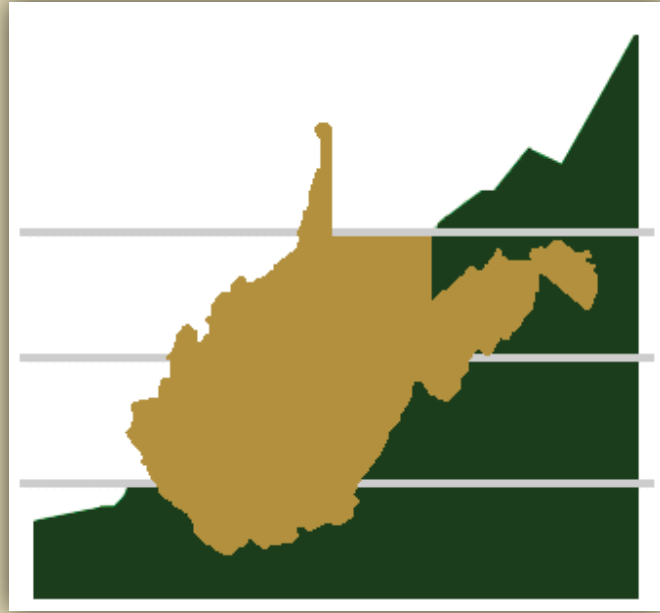


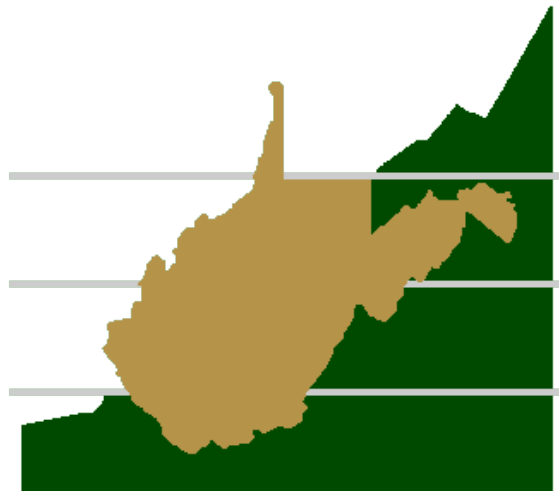
2012 Annual Report



**West Virginia
Investment Management Board**

Annual Report

Year Ended June 30, 2012



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 20, 2012

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, 2012. Please note that additional information about the Investment Management Board may be accessed electronically on its website, www.wvimb.org.

The fiscal year ending June 30, 2012 was challenging for the capital markets as the world continues to struggle with the aftermath of the credit crisis of 2008. I feel fortunate that the Investment Management Board was able to return 1.1 percent (using the Public Employees' Retirement System as a proxy for all long-term assets) in this difficult environment. Significantly, though, this modest return in fiscal year 2012 follows two years of excellent returns of 20.7 and 16.0 percent, respectively. In aggregate, the three years ending June 30, 2012 have produced an annualized return of 12.3 percent. The ten-year return has increased to 6.8 percent. While it still lags the 7.5 percent long-term target rate assumed by the actuary for the defined benefit pension plans, we continue to see improvement. Still, it will likely take the world's economies many years to recover from the credit crisis of 2008, creating significant challenges for the Investment Management Board in achieving its performance targets. It is important to remind ourselves, however, that the time horizon for the majority of assets entrusted to the Investment Management Board 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.

Best regards,



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

Message from Executive Director

September 20, 2012

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 benefit 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, 2012, the return for PERS was up 1.1 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 ten-year period ending June 30, 2012, the IMB's return was 6.8 percent versus the policy benchmark of 6.1 percent. This represents millions of dollars in value added by trustees and staff. Specifically, for the mature defined benefit pension plans, the returns for the fiscal year ending June 30, 2012 ranged from 1.1 percent for the Public Employees' Retirement System to 0.9 percent for the Emergency Medical Services 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 1.0 and 2.3 percent respectively.

With regard to employment security assets, the reader will note a significant difference in returns from defined benefit plans. This is, primarily, a function of differences in the time horizon and liquidity needs, which vary quite significantly by plan. This leads to a wide divergence in the respective plans' allocations to various asset classes. As a result, the returns for employment security assets for the fiscal year ending June 30, 2012 range from 1.3 percent for the West Virginia Retiree Health Benefit Trust Fund to 8.4 percent for the Access West Virginia Fund.

Message from Executive Director

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 performance in fiscal year 2010 and fiscal year 2011 improved the funded position and helped relieve the stress on the State’s budget. The return for fiscal year 2012 fell short of the 7.5 percent hurdle rate and, as a result, put stress on the State’s budget. Long-term investors have the opportunity and ability to generate higher returns, but that opportunity does not come without cost. That cost is volatility in return. To generate greater long-term returns, an investor must be willing to accept shorter periods of lesser returns. 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, great absolute returns in fiscal year 2011, and only modest returns in fiscal year 2012. The Investment Management Board’s patience has served it well over time.

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. Two years ago 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 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 2013 unfolds.



H. Craig Slaughter
Executive Director

Organization

Board of Trustees – Fiscal Year 2012

Earl Ray Tomblin, Chairman

Governor of the State of West Virginia

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

General Counsel, James C. Justice Companies, Inc.

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

Senior Vice President, Manager WV Public Finance, Piper Jaffray & Co.

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 2012

Deputy Sheriff's Retirement System

David D. Gentry, Representative
Terry L. Miller, Committee Member
J. Scott Gittings, Committee Member

Judges' Retirement System

Robert B. Stone, Representative

Public Employees' Retirement System

Patricia Hamilton, Representative
Keith Chapman, Committee Member
Melissa G. Smith, Committee Member

State Police Death, Disability and Retirement Fund

William J. Scott, Representative

State Police Retirement System

Michael D. Lynch, Representative

Teachers' Retirement System

Tony Lautar, Jr., Representative
Robert L. Brown, Committee Member
Dale Lee, Committee Member

Emergency Medical Services Retirement System

Harold Wayne Harmon, Representative

Coal Workers' Pneumoconiosis Fund

Melinda Kiss, Representative
Cheri Harpold, Committee Member

Workers' Compensation Old Fund

Melinda Kiss, Representative
Cheri Harpold, Committee Member

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 2012

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, CAIA, 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
David McCormick, Investment Accountant
Aaron Souza, Investment Accountant
Traci Pollitt, CPA, CAIA, MSA, Senior Alternative Investment Analyst
James Atkins, CPA, Alternative Investment Analyst
Annie Kerns, MBA, Investment Accountant

Support Staff

Jo Ann Harrison, CAP, 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, CPA, CIA, CIDA, CISA, MBA, 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.

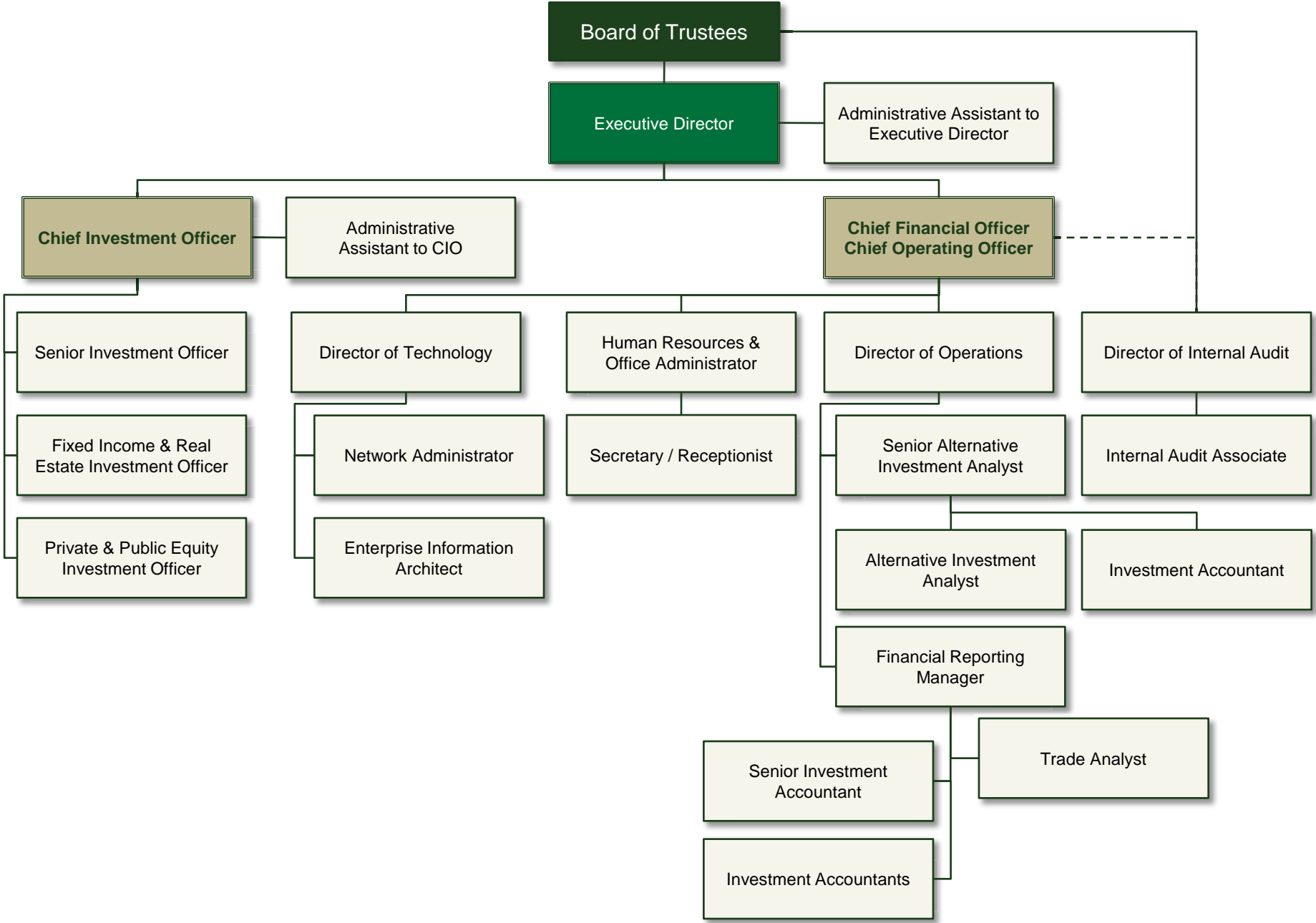
A member of each defined benefit retirement plan is designated by the Consolidated Public Retirement Board to represent the Participant Plans' interests. Likewise, the West Virginia Insurance Commission designates a representative for the Coal Workers' Pneumoconiosis Fund and the Workers' Compensation 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 Three 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	\$ 2,070,473	\$ 698,625
Collateral for securities loaned	46,162	34,896
Payable upon return of securities loaned	(49,257)	(37,039)
Cash	253	-
Receivable for investments sold	894	1,470
Payable for investments purchased	(1,662)	-
Derivative positions, net	204	-
Other assets and liabilities	2,680	243
Net assets - June 30, 2012	\$ 2,069,747	\$ 698,195

Condensed Statement of Assets and Liabilities

	International Qualified	International Nonqualified	International Equity
Investment securities	\$ 801,731	\$ 87,453	\$ 1,901,833
Collateral for securities loaned	-	-	115,664
Payable upon return of securities loaned	-	-	(119,012)
Cash	-	-	21,210
Receivable for investments sold	-	-	3,934
Payable for investments purchased	-	-	(4,532)
Foreign currency forward contracts	-	-	(15)
Other assets and liabilities	(46)	(5)	7,431
Net assets - June 30, 2012	\$ 801,685	\$ 87,448	\$ 1,926,513

Equity Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

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	\$ 85,364	4.1%	\$ 48,319	6.9%
Capital Goods	193,602	9.4	123,385	17.7
Communications Services	64,354	3.1	-	0.0
Consumer Discretionary	280,318	13.5	90,073	12.9
Consumer Staples	219,579	10.6	18,740	2.7
Energy	245,794	11.9	52,961	7.6
Financial Services	280,866	13.6	155,792	22.3
Health Care	197,001	9.5	62,667	9.0
Technology	380,697	18.4	100,046	14.3
Utilities	111,958	5.4	32,454	4.6
Total domestic equities	2,059,533	99.5	684,437	98.0
Short-term issues	10,940	0.5	14,188	2.0
Total	\$ 2,070,473	100.0%	\$ 698,625	100.0%

Investment Securities	International Qualified		International Nonqualified	
	Fair Value	Percent of Securities	Fair Value	Percent of Securities
Investments in other funds	\$ 801,731	100.0%	\$ 87,453	100.0%

Investment Securities	International Equity	
	Fair Value	Percent of Securities
International equities country exposure:		
Australia	\$ 63,284	3.3%
Brazil	151,015	7.9
Canada	83,701	4.4
China	66,475	3.5
France	77,459	4.1
Germany	85,747	4.5
Hong Kong	41,363	2.2
India	50,016	2.6
Japan	215,250	11.3
Korea	132,712	7.0
Mexico	47,160	2.5
Russia	64,668	3.4
South Africa	51,153	2.7
Switzerland	66,229	3.5
Taiwan	52,976	2.8
Turkey	42,295	2.2
United Kingdom	219,925	11.6
All others (none greater than 2%)	374,386	19.7
Total international equities	1,885,814	99.2
Short-term issues	16,019	0.8
Total	\$ 1,901,833	100.0%

Equity Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

Progression of Net Assets

	Large Cap Domestic Equity	Non-Large Cap Domestic Equity
Net assets - June 30, 2011	\$ 2,081,547	\$ 733,123
Net increase (decrease) from operations	135,568	(19,374)
Net decrease from unit transactions	(147,368)	(15,554)
Net assets - June 30, 2012	<u>\$ 2,069,747</u>	<u>\$ 698,195</u>

Progression of Net Assets

	International Qualified	International Nonqualified	International Equity
Net assets - June 30, 2011	\$ 882,863	\$ 68,082	\$ 1,846,645
Net decrease from operations	(81,461)	(9,165)	(293,944)
Net increase from unit transactions	283	28,531	373,812
Net assets - June 30, 2012	<u>\$ 801,685</u>	<u>\$ 87,448</u>	<u>\$ 1,926,513</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. Actual rates of return are net of investment advisor fees.

Period	Large Cap Domestic Equity		Non-Large Cap Domestic Equity	
	Actual	S&P 500	Actual	Russell 2500
One-year	5.4%	5.5%	-4.0%	-2.3%
Three-year	16.9%	16.4%	20.0%	19.1%
Five-year	0.5%	0.2%	1.3%	1.2%
Ten-year	5.4%	5.3%	7.9%	8.0%

Period	International Qualified		International Nonqualified		International Equity	
	Actual	MSCI EAFE	Actual	MSCI EAFE	Actual	MSCI ACWIxU.S.
One-year	-9.2%	-13.4%	-9.5%	-13.4%	-16.0%	-14.2%
Three-year	9.4%	6.5%	9.0%	6.5%	10.1%	7.4%
Five-year	1.1%	-5.6%	0.7%	-5.6%	-4.4%	-4.2%
Ten-year	9.5%	5.6%	9.0%	5.6%	6.8%	7.2%

Equity Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	8.6	22.3	51.7	69.2	60.2
Trustee fees	0.0*	0.0*	0.0*	0.0*	0.0*
Custodian bank fees	0.3	0.3	0.0*	0.0*	3.9
Management fees	3.1	3.1	3.1	3.2	3.1
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	12.6	26.3	55.4	73.0	67.8

* 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 (in \$000s)	\$ 805	\$ 1,044	\$ 1,543	\$ 3,392
Domestic equity commission rate (cents per share)	1.5	1.5		
International equity commission rate (basis points per dollar volume)			12.3	

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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	\$	364,973
Other assets and liabilities, net		39
Net assets - June 30, 2012	\$	<u>365,012</u>

Investment Securities

	Carrying Value	Percent of Securities
Short-term issues	\$ 339,848	93.1%
U.S. Treasury issues	5,029	1.4
U.S. government agency issues	20,096	5.5
Total	\$ 364,973	100.0%

Progression of Net Assets

Net assets - June 30, 2011	\$	358,770
Net increase from operations		41
Income distributions to unitholders		(37)
Net increase from unit transactions		6,238
Net assets - June 30, 2012	\$	<u>365,012</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. Actual rates of return are net of investment advisor fees.

Period	Actual	Citigroup 90 Day Treasury Bill plus 15 bps
One-year	0.1%	0.2%
Three-year	0.1%	0.3%
Five-year	1.1%	1.1%
Ten-year	2.0%	2.0%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	3.3
Fiduciary bond fees	0.0*
Professional service fees	0.6
Total	9.3

* Expense Ratio rounds to less than 0.1 basis points.

Fixed Income Pool

OBJECTIVES

The main objectives for the Fixed Income Pool are 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	+/- 20% (30% to 70%)
	50% Core Fixed Income Pool	+/- 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	\$ 2,231,419	\$ 1,201,301
Collateral for securities loaned	2,407	25,305
Payable upon return of securities loaned	(4,023)	(25,314)
Cash	9,019	-
Receivable for investments sold	82,638	657
Payable for investments purchased	(18,701)	(3,575)
Derivative positions, net	(1,494)	-
Other assets and liabilities	8,260	4,832
Net assets - June 30, 2012	\$ 2,309,525	\$ 1,203,206

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
Corporate issues	\$ 822,342	36.9%	\$ 447,687	37.3%
Foreign government bonds	6,293	0.3	-	0.0
Investment in other funds	441,868	19.8	-	0.0
Municipal bonds	93,246	4.2	4,781	0.4
Option contracts purchased	728	0.0	-	0.0
Short-term issues	184,079	8.2	11,728	1.0
U.S. government agency issues	373,253	16.7	458,319	38.1
U.S. Treasury issues	309,610	13.9	278,786	23.2
Total	\$ 2,231,419	100.0%	\$ 1,201,301	100.0%

Progression of Net Assets

	Total Return Fixed Income	Core Fixed Income
Net assets - June 30, 2011	\$ 2,333,916	\$ 1,190,015
Net increase from operations	99,363	93,005
Income distributions to unitholders	(65,332)	(44,286)
Net decrease from unit transactions	(58,422)	(35,528)
Net assets - June 30, 2012	\$ 2,309,525	\$ 1,203,206

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. Actual rates of return are 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	4.5%	7.4%	8.1%	7.5%
Three-year	9.3%	7.6%	8.0%	6.9%
Five-year	6.0%	6.8%	N/A	N/A
Ten-year	6.7%	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, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	18.6	15.0
Trustee fees	0.0*	0.0*
Custodian bank fees	0.3	0.6
Management fees	3.1	3.1
Fiduciary bond fees	0.0*	0.0*
Professional service fees	0.6	0.6
Total	22.6	19.3

* Expense Ratio rounds to less than 0.1 basis points.

TIPS Pool

OBJECTIVES

The objectives for the TIPS Pool are to enhance diversification, mitigate the risk of inflation, generate investment income, and to provide a relatively stable investment.

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	\$ 739,173
Collateral for securities loaned	1,585
Payable upon return of securities loaned	(1,586)
Receivable for investments sold	19,633
Payable for investments purchased	(19,290)
Other assets and liabilities	1,860
Net assets - June 30, 2012	<u>\$ 741,375</u>

Investment Securities

	Carrying Value	Percent of Securities
U.S. Treasury issues	\$ 738,767	99.9%
Short-term issues	406	0.1
Total	<u>\$ 739,173</u>	<u>100.0%</u>

Progression of Net Assets

Net assets – June 30, 2011	\$ 891,693
Net increase from operations	94,152
Income distributions to unitholders	(19,893)
Net decrease from unit transactions	(224,577)
Net assets - June 30, 2012	<u>\$ 741,375</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, 2012, the TIPS Pool returned 11.6 percent, net of investment advisor fees and the Barclays Capital U.S. TIPS index returned 11.7 percent.

TIPS Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, and an allocated share of other expenses. The TIPS Pool's expenses for the operating period, divided by the average net assets, are as follows:

Expense Ratios (in basis points)

Investment advisor fees	2.2
Trustee fees	0.0*
Custodian bank fees	0.2
Management fees	3.1
Fiduciary bond fees	0.0*
Professional service fees	0.6
Total	<u>6.1</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, 2011, and 2012. Final payment will be received on May 4, 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	\$	53,093
Other assets and liabilities		(70)
Net assets - June 30, 2012	\$	53,023

Investment Securities

	Fair Value	Percent of Securities
Annuity Contract	\$ 53,093	100.0%

Progression of Net Assets

Net assets - June 30, 2011	\$	103,845
Net increase from operations		4,148
Net decrease from unit transactions		(54,970)
Net assets - June 30, 2012	\$	53,023

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
One year	4.5%
Three years	4.5%

Special Purpose Pool

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	3.3
Fiduciary bond fees	0.0*
Professional service fees	12.5
Total	<u>15.8</u>

* Expense Ratio rounds to less than 0.1 basis points.

Alternatives Pool

OBJECTIVES

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

The Alternatives 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, 2012:

Category	Target Range
Corporate Finance	90-100%
Venture Capital	0-10%
U.S.	80-100%
Non-U.S.	0-20%

The Hedge Fund Pool's strategies are comprised of the following categories and target range allocations as of June 30, 2012:

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	\$ 1,027,697	\$ 1,033,463
Advance on investment in other funds	436	130,000
Receivable for investments sold	-	69,372
Other assets and liabilities	(195)	(162)
Net assets - June 30, 2012	\$ 1,027,938	\$ 1,232,673

Investment Securities

	Private Equity		Hedge Fund	
	Fair Value	Percent of Securities	Fair Value	Percent of Securities
Investment in other funds	\$ 549,825	53.5%	\$ 1,032,985	100.0%
Partnerships	445,251	43.3	-	0.0
Short-term issues	32,621	3.2	478	0.0
Total	\$ 1,027,697	100.0%	\$ 1,033,463	100.0%

Alternatives Pool

FINANCIAL HIGHLIGHTS (continued in \$000s)

Progression of Net Assets

	Private Equity	Hedge Fund
Net assets - June 30, 2011	\$ 1,021,168	\$ 1,072,923
Net increase (decrease) from operations	143,223	(3,272)
Net increase (decrease) from unit transactions	(136,453)	163,022
Net assets - June 30, 2012	<u>\$ 1,027,938</u>	<u>\$ 1,232,673</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. Actual rates of return are 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	15.2%	-0.3%	4.5%
Three-year	17.0%	5.8%	4.4%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	3.1
Fiduciary bond fees	0.0*	0.0*
External fees/Fund closing costs	1.2	N/A
Professional service fees	8.5	5.1
Total	<u>12.8</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, 2012 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	\$ 636,957
Collateral for securities loaned	4,200
Payable upon return of securities loaned	(4,201)
Cash	(17)
Receivable for investments sold	3,933
Payable for investments purchased	(2,537)
Other assets and liabilities	1,858
Net assets - June 30, 2012	<u>\$ 640,193</u>

Investment Securities

	Fair Value	Percent of Securities
Partnerships and other funds	\$ 313,063	49.1%
Equity securities	190,797	30.0
Corporate bonds	114,420	18.0
Short-term issues	18,677	2.9
Total	<u>\$ 636,957</u>	<u>100.0%</u>

Progression of Net Assets

Net assets - June 30, 2011	\$ 247,831
Net increase from operations	40,181
Net increase from unit transactions	352,181
Net assets - June 30, 2012	<u>\$ 640,193</u>

Real Estate 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. Actual rates of return are 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	7.6%
Three-year	9.1%

EXPENSES

The IMB charges each investment pool for its direct investment-related expenses, such as investment advisor fees, custodian bank fees, and some professional service fees, 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	29.2
Trustee fees	0.0*
Custodian bank fees	2.0
Management fees	3.2
Fiduciary bond fees	0.0*
External fees/Fund closing costs	25.2
Professional service fees	12.1
Total	<u>71.7</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, 2012

	Assets	Percent of Total	Page Reference
Pension Assets			
Deputy Sheriff's Retirement System	\$ 116,281	0.9%	30
Emergency Medical Services Retirement System	35,153	0.3	32
Judges' Retirement System	126,266	1.0	34
Municipal Police Officers' and Firefighters' Retirement System	189	0.0	36
Public Employees' Retirement System	4,352,142	33.1	38
State Police Death, Disability and Retirement Fund	477,386	3.6	40
State Police Retirement System	78,735	0.6	42
Teachers' Retirement System	4,968,564	37.6	44
Teachers' Employers Contribution Collection Account	142,994	1.1	44
Insurance Assets			
AccessWV	2,451	0.0	46
Board of Risk and Insurance Management	138,164	1.0	48
Coal Workers' Pneumoconiosis Fund	257,121	2.0	50
Public Employees Insurance Agency	183,322	1.4	52
West Virginia Retiree Health Benefit Trust Fund	443,144	3.4	54
Workers' Compensation Old Fund	946,853	7.2	56
Workers' Compensation Self-Insured Guaranty Risk Pool	10,878	0.1	58
Workers' Compensation Uninsured Employers' Fund	9,148	0.1	60
Endowment Assets			
Revenue Shortfall Reserve Fund	423,261	3.2	62
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	64
West Virginia Department of Environmental Protection Trust	6,538	0.0	66
West Virginia Prepaid Tuition Trust Fund	77,821	0.6	68
Wildlife Endowment Fund	40,048	0.3	70
Total	\$ 13,167,784	100.0%	

Deputy Sheriff's Retirement System

HISTORY

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

LIQUIDITY NEEDS

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 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 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 DSRS.*

Deputy Sheriff's Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$ 112,488
Contributions	8,925
Withdrawals	(6,347)
Net	2,578
Investment income	913
Net unrealized appreciation	302
June 30, 2012	\$ 116,281

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 21,171	18.1%
Non-Large Cap Domestic	7,158	6.2
International Qualified	9,036	7.8
International Equity	19,898	17.1
Short-Term Fixed Income	468	0.4
Total Return Fixed Income	16,678	14.3
Core Fixed Income	8,043	6.9
TIPS	3,010	2.6
Private Equity	11,695	10.1
Real Estate	7,273	6.3
Hedge Fund	11,851	10.2
Total	\$ 116,281	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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	1.0%	7.5%
Three-year	12.2%	7.5%
Five-year	2.2%	7.5%
Ten-year	6.7%	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

EMSRS 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.
- Maintain adequate liquidity to satisfy benefit payments while not subjecting 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 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, 2011	\$	31,963
Contributions		3,807
Withdrawals		(979)
Net		2,828
Investment income		269
Net unrealized appreciation		93
June 30, 2012	\$	35,153

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 6,360	18.1%
Non-Large Cap Domestic	2,147	6.1
International Qualified	2,593	7.4
International Equity	6,056	17.2
Short-Term Fixed Income	230	0.7
Total Return Fixed Income	5,112	14.5
Core Fixed Income	2,470	7.0
TIPS	904	2.6
Private Equity	3,525	10.0
Real Estate	2,177	6.2
Hedge Fund	3,579	10.2
Total	\$ 35,153	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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	0.9%	7.5%
Three-year	12.1%	7.5%

Judges' Retirement System

HISTORY

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

LIQUIDITY NEEDS

JRS currently has slightly negative 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 and not subjecting 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 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 JRS.*

Judges' Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$ 124,587
Contributions	5,079
Withdrawals	(4,651)
Net	428
Investment income	989
Net unrealized appreciation	262
June 30, 2012	\$ 126,266

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 23,121	18.3%
Non-Large Cap Domestic	7,802	6.2
International Qualified	9,901	7.8
International Equity	21,658	17.2
Short-Term Fixed Income	367	0.3
Total Return Fixed Income	17,947	14.2
Core Fixed Income	8,645	6.8
TIPS	3,278	2.6
Private Equity	12,702	10.1
Real Estate	7,928	6.3
Hedge Fund	12,917	10.2
Total	\$ 126,266	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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	1.0%	7.5%
Three-year	12.3%	7.5%
Five-year	2.2%	7.5%
Ten-year	6.7%	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 participating municipalities on or after January 1, 2010.

LIQUIDITY NEEDS

There are no anticipated liquidity needs at this time.

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 while not subjecting MPFRS to an undue level of risk.

ASSET ALLOCATION

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	

Municipal Police Officers' and Firefighters' Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$	61
Contributions		135
Withdrawals		(11)
Net		<u>124</u>
Investment income		-
Net unrealized appreciation		4
June 30, 2012	\$	<u><u>189</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 31	16.4%
Non-Large Cap Domestic	10	5.3
International Qualified	14	7.4
International Equity	27	14.3
Short-Term Fixed Income	22	11.6
Total Return Fixed Income	26	13.8
Core Fixed Income	11	5.8
TIPS	4	2.1
Private Equity	17	9.0
Real Estate	11	5.8
Hedge Fund	16	8.5
Total	<u>\$ 189</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. The actual rate of return is net of fees. Investment performance for the one-year period ended June 30, 2012 was 3.6 percent. MPFRS has a target rate of return of 7.5 percent.

Public Employees' Retirement System

HISTORY

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

LIQUIDITY NEEDS

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 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 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 PERS.*

Public Employees' Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$ 4,359,025
Contributions	259,956
Withdrawals	(312,960)
Net	<u>(53,004)</u>
Investment income	34,686
Net unrealized appreciation	11,435
June 30, 2012	<u><u>\$ 4,352,142</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 795,984	18.2%
Non-Large Cap Domestic	269,212	6.2
International Qualified	343,311	7.9
International Equity	742,277	17.1
Short-Term Fixed Income	26,949	0.6
Total Return Fixed Income	612,542	14.1
Core Fixed Income	294,910	6.8
TIPS	113,597	2.6
Private Equity	435,948	10.0
Real Estate	273,496	6.3
Hedge Fund	443,916	10.2
Total	<u><u>\$ 4,352,142</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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	1.1%	7.5%
Three-year	12.3%	7.5%
Five-year	2.2%	7.5%
Ten-year	6.8%	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

SPDDRF is now a closed plan and 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 and not subjecting 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)	\$2,700,000*	

** 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, 2011	\$ 482,005
Contributions	26,511
Withdrawals	(35,510)
Net	<u>(8,999)</u>
Investment income	3,751
Net unrealized appreciation	629
June 30, 2012	<u><u>\$ 477,386</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 86,641	18.0%
Non-Large Cap Domestic	29,507	6.2
International Qualified	37,412	7.8
International Equity	82,434	17.3
Short-Term Fixed Income	718	0.2
Total Return Fixed Income	68,306	14.3
Core Fixed Income	32,860	6.9
TIPS	12,349	2.6
Private Equity	48,464	10.2
Real Estate	29,721	6.2
Hedge Fund	48,974	10.3
Total	<u><u>\$ 477,386</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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	1.1%	7.5%
Three-year	12.4%	7.5%
Five-year	2.2%	7.5%
Ten-year	6.8%	7.5%

State Police Retirement System

HISTORY

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

LIQUIDITY NEEDS

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 and not subjecting 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 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 SPRS.*

State Police Retirement System

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$ 70,756
Contributions	8,032
Withdrawals	(877)
Net	7,155
Investment income	596
Net unrealized appreciation	228
June 30, 2012	\$ 78,735

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 14,200	18.1%
Non-Large Cap Domestic	4,779	6.1
International Qualified	5,717	7.3
International Equity	13,451	17.1
Short-Term Fixed Income	1,417	1.8
Total Return Fixed Income	11,174	14.2
Core Fixed Income	5,393	6.8
TIPS	2,004	2.5
Private Equity	7,821	9.9
Real Estate	4,829	6.1
Hedge Fund	7,950	10.1
Total	\$ 78,735	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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	0.9%	7.5%
Three-year	12.1%	7.5%
Five-year	2.2%	7.5%
Ten-year	6.7%	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 TRS and become participants in 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.

TRS LIQUIDITY NEEDS

TRS has a net negative cash flow position, and will likely continue to have substantial liquidity needs of at least 10 percent per year beginning in plan year 2014.

TRS 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 TRS to an undue level of risk.

TRS 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 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 TRS.*

Teachers' Retirement System & Teachers' Employers Contribution Collection Account

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance	TRS	TECCA
June 30, 2011	\$ 5,010,212	\$ -
Contributions	556,795	480,454
Withdrawals	(643,762)	(337,466)
Net	(86,967)	142,988
Investment income	35,651	5
Net unrealized appreciation	9,668	1
June 30, 2012	<u>\$ 4,968,564</u>	<u>\$ 142,994</u>

Asset Allocation	TRS		TECCA	
	Amount	Percent of Total	Amount	Percent of Total
Large Cap Domestic	\$ 908,381	18.3%	\$ -	0.0%
Non-Large Cap Domestic	307,418	6.2	-	0.0
International Qualified	393,701	7.9	-	0.0
International Equity	851,090	17.1	-	0.0
Short-Term Fixed Income	67,224	1.4	142,994	100.0
Total Return Fixed Income	632,244	12.7	-	0.0
Core Fixed Income	300,128	6.0	-	0.0
TIPS	129,741	2.6	-	0.0
TRS Annuity	53,023	1.1	-	0.0
Private Equity	503,734	10.1	-	0.0
Real Estate	312,255	6.3	-	0.0
Hedge Fund	509,625	10.3	-	0.0
Total	<u>\$ 4,968,564</u>	<u>100.0%</u>	<u>\$ 142,994</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. Actual rates of return are net of fees. A target rate of return has not been set for the TECCA plan.

Period	TRS		TECCA
	Actual	Target	Actual
One-year	1.0%	7.5%	0.0%
Three-year	11.9%	7.5%	0.1%
Five-year	1.7%	7.5%	1.1%
Ten-year	6.4%	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. As a result of the passage of the Federal Patient Protection and Affordable Care Act in March 2010, this organization is expected to cease operations on January 1, 2014.

LIQUIDITY NEEDS

AWV is expected to have no liquidity needs from the IMB portion of their reserve funds at any time until December 31, 2013.

INVESTMENT OBJECTIVES

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%	55.0%
TIPS	0.0%	45.0%
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, 2011	\$	2,262
Contributions		-
Withdrawals		-
Net		-
Investment income		71
Net unrealized appreciation		118
June 30, 2012	\$	2,451

Asset Allocation

	Amount	Percent of Total
Short-Term Fixed Income	\$ 1	0.0%
Total Return Fixed Income	871	35.6
Core Fixed Income	471	19.2
TIPS	1,108	45.2
Total	\$ 2,451	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. The actual rate of return is net of fees. Investment performance for the one-year period ended June 30, 2012 was 8.4 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

According to representatives of the Plan, there may be some current liquidity needs in the next few fiscal years, not to exceed 10 percent in any given year. 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 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%	45.0%
TIPS	0.0%	10.0%
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, 2011	\$ 140,522
Contributions	-
Withdrawals	(6,000)
Net	<u>(6,000)</u>
Investment income	2,405
Net unrealized appreciation	1,237
June 30, 2012	<u><u>\$ 138,164</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 9,969	7.3%
Non-Large Cap Domestic	3,376	2.4
International Nonqualified	4,327	3.1
International Equity	9,310	6.7
Short-Term Fixed Income	7,008	5.1
Total Return Fixed Income	40,623	29.4
Core Fixed Income	21,966	15.9
TIPS	14,151	10.2
Hedge Fund	27,434	19.9
Total	<u><u>\$ 138,164</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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	2.9%
Three-year	9.4%
Five-year	4.7%

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 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

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 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%	45.0%
TIPS	0.0%	10.0%
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, 2011	\$	261,558
Contributions		80
Withdrawals		(11,229)
Net		<u>(11,149)</u>
Investment income		4,508
Net unrealized appreciation		2,204
June 30, 2012	\$	<u><u>257,121</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 18,692	7.2%
Non-Large Cap Domestic	6,327	2.5
International Nonqualified	8,199	3.2
International Equity	17,334	6.7
Short-Term Fixed Income	12,017	4.7
Total Return Fixed Income	75,751	29.5
Core Fixed Income	40,965	15.9
TIPS	26,524	10.3
Hedge Fund	51,312	20.0
Total	<u><u>\$ 257,121</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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	2.7%	5.0%
Three-year	9.1%	5.0%
Five-year	3.8%	5.0%

Public Employees Insurance Agency

HISTORY

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

LIQUIDITY NEEDS

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 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%	60.0%
TIPS	0.0%	15.0%
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 PEIA. Not all cash is invested with the IMB.*

Public Employees Insurance Agency

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$ 175,171
Contributions	-
Withdrawals	-
Net	-
Investment income	4,216
Net unrealized appreciation	3,935
June 30, 2012	<u>\$ 183,322</u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 6,562	3.6%
Non-Large Cap Domestic	2,221	1.2
International Nonqualified	2,709	1.5
International Equity	6,208	3.4
Short-Term Fixed Income	9,172	5.0
Total Return Fixed Income	71,567	39.0
Core Fixed Income	38,704	21.1
TIPS	27,918	15.2
Hedge Fund	18,261	10.0
Total	<u>\$ 183,322</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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	4.7%
Three-year	9.2%
Five-year	4.4%

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

RHBTF assets managed by the IMB 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 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 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%	35.0%
TIPS	0.0%	10.0%
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, 2011	\$ 437,457
Contributions	-
Withdrawals	-
Net	-
Investment income	6,250
Net unrealized depreciation	(563)
June 30, 2012	<u>\$ 443,144</u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 56,350	12.8%
Non-Large Cap Domestic	19,078	4.3
International Nonqualified	23,929	5.4
International Equity	52,944	11.9
Short-Term Fixed Income	15	0.0
Total Return Fixed Income	101,423	22.9
Core Fixed Income	54,839	12.4
TIPS	45,770	10.3
Hedge Fund	88,796	20.0
Total	<u>\$ 443,144</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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	1.3%
Three-year	9.1%

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

Statutorily pledged personal income tax, policy surcharges, and severance transfers appear to be sufficient to pay expected claims and claim-related expenses. 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 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%	60.0%
TIPS	0.0%	10.0%
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, 2011	\$	933,073
Contributions		176,160
Withdrawals		(194,618)
Net		(18,458)
Investment income		20,601
Net unrealized appreciation		11,637
June 30, 2012	\$	946,853

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 68,084	7.3%
Non-Large Cap Domestic	23,050	2.4
International Nonqualified	29,749	3.1
International Equity	63,582	6.7
Short-Term Fixed Income	93,715	9.9
Total Return Fixed Income	371,370	39.2
Core Fixed Income	200,771	21.2
TIPS	96,532	10.2
Total	\$ 946,853	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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	3.6%
Three-year	9.1%
Five-year	3.0%

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, as provided by law.

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%	45.0%
TIPS	0.0%	10.0%
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, 2011	\$	9,627
Contributions		1,062
Withdrawals		(96)
Net		<u>966</u>
Investment income		177
Net unrealized appreciation		108
June 30, 2012	\$	<u><u>10,878</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 781	7.2%
Non-Large Cap Domestic	265	2.4
International Nonqualified	332	3.1
International Equity	739	6.8
Short-Term Fixed Income	534	4.9
Total Return Fixed Income	3,212	29.5
Core Fixed Income	1,737	16.0
TIPS	1,110	10.2
Hedge Fund	2,168	19.9
Total	<u><u>\$ 10,878</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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	2.8%
Three-year	3.0%
Five-year	2.9%

Workers' Compensation Uninsured Employers' Fund

HISTORY

The Workers' Compensation Uninsured Employers' Fund (Uninsured Fund) was established January 1, 2006, 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%	40.0%
TIPS	0.0%	10.0%
Hedge Fund	0.0%	20.0%
Real Estate	0.0%	0.0%
Cash	0.0%	10.0%

Workers' Compensation Uninsured Employers' Fund

FINANCIAL HIGHLIGHTS (in \$000s)

Progression of Plan Balance

June 30, 2011	\$	8,911
Contributions		-
Withdrawals		-
Net		-
Investment income		155
Net unrealized appreciation		82
June 30, 2012	\$	9,148

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 661	7.3%
Non-Large Cap Domestic	223	2.4
International Nonqualified	291	3.2
International Equity	614	6.7
Short-Term Fixed Income	926	10.1
Total Return Fixed Income	2,385	26.1
Core Fixed Income	1,292	14.1
TIPS	937	10.2
Hedge Fund	1,819	19.9
Total	\$ 9,148	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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	2.7%
Three-year	2.5%
Five-year	2.6%

Revenue Shortfall Reserve Fund

HISTORY

The Revenue Shortfall Reserve Fund (Reserve Fund), created under *West Virginia Code §11B-2-20*, is funded from State surplus revenues accrued, if any, during the most recent fiscal year. The first 50 percent of all such surplus revenues are deposited into the Reserve Fund within 60 days of the end of each fiscal year. The deposit of surplus revenue into the Reserve Fund becomes discretionary when the balance in the Reserve Fund meets or exceeds 13 percent of the State's General Revenue Fund Budget for the expiring fiscal year. The West Virginia Legislature is authorized to 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.

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%	50.0%
TIPS	0.0%	50.0%
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, 2011	\$ 242,748
Contributions	150,668
Withdrawals	-
Net	150,668
Investment income	10,570
Net unrealized appreciation	19,275
June 30, 2012	\$ 423,261

Asset Allocation

	Amount	Percent of Total
Short Term Fixed Income	\$ 29	0.0%
Total Return Fixed Income	136,683	32.3
Core Fixed Income	74,113	17.5
TIPS	212,436	50.2
Total	\$ 423,261	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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	8.7%
Three-year	11.0%
Five-year	1.1%

Revenue Shortfall Reserve Fund – Part B

HISTORY

The Revenue Shortfall Reserve Fund - Part B (Reserve Fund - Part B), created 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%	65.0%
TIPS	0.0%	15.0%
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, 2011	\$ 315,738
Contributions	1,553
Withdrawals	-
Net	<u>1,553</u>
Investment income	8,044
Net unrealized appreciation	5,990
June 30, 2012	<u><u>\$ 331,325</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 23,721	7.2%
Non-Large Cap Domestic	8,033	2.4
International Nonqualified	9,880	3.0
International Equity	22,469	6.8
Short-Term Fixed Income	24	0.0
Total Return Fixed Income	140,667	42.5
Core Fixed Income	76,037	22.9
TIPS	50,494	15.2
Total	<u><u>\$ 331,325</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. Actual rates of return are net of fees. A target rate of return has not been set for this plan.

Period	Actual
One-year	4.4%
Three-year	11.1%
Five-year	1.1%

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 the DEP Trust, adjusted for inflation.

INVESTMENT OBJECTIVES

The investment objectives are as follows:

- Meet or exceed 7.0 percent per annum. This is the discount rate by the 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%	25.0%
TIPS	0.0%	10.0%
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

June 30, 2011	\$	6,515
Contributions		27
Withdrawals		-
Net		<u>27</u>
Investment income		69
Net unrealized depreciation		(73)
June 30, 2012	\$	<u><u>6,538</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 1,736	26.7%
Non-Large Cap Domestic	590	9.0
International Nonqualified	603	9.2
International Equity	1,221	18.7
Short-Term Fixed Income	2	0.0
Total Return Fixed Income	1,106	16.9
Core Fixed Income	598	9.1
TIPS	682	10.4
Total	<u><u>\$ 6,538</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. The actual rate of return is net of fees. Investment performance for the one-year period ended June 30, 2012 was -0.1 percent. The DEP Trust has a target rate of return of 7.0 percent.

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	32.0%	32.0%
International Equity	17.0%	17.0%
Private Equity	0.0%	0.0%
Fixed Income	51.0%	51.0%
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, 2011	\$ 84,791
Contributions	-
Withdrawals	(8,600)
Net	<u>(8,600)</u>
Investment income	1,475
Net unrealized appreciation	155
June 30, 2012	<u><u>\$ 77,821</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 20,019	25.8%
Non-Large Cap Domestic	4,532	5.8
International Nonqualified	4,304	5.5
International Equity	8,354	10.7
Short-Term Fixed Income	1,004	1.3
Core Fixed Income	39,608	50.9
Total	<u><u>\$ 77,821</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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	2.3%	7.1%
Three-year	12.8%	7.1%
Five-year	3.1%	7.1%
Ten-year	7.3%	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, 2011	\$ 40,380
Contributions	599
Withdrawals	(1,263)
Net	<u>(664)</u>
Investment income	321
Net unrealized appreciation	11
June 30, 2012	<u><u>\$ 40,048</u></u>

Asset Allocation

	Amount	Percent of Total
Large Cap Domestic	\$ 7,283	18.1%
Non-Large Cap Domestic	2,467	6.2
International Nonqualified	3,125	7.8
International Equity	6,847	17.1
Short-Term Fixed Income	126	0.3
Total Return Fixed Income	5,782	14.4
Core Fixed Income	2,791	7.0
TIPS	1,037	2.6
Private Equity	4,032	10.1
Real Estate	2,503	6.3
Hedge Fund	4,055	10.1
Total	<u><u>\$ 40,048</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. Actual rates of return are net of fees.

Period	Actual	Target
One-year	1.0%	6.0%
Three-year	12.2%	6.0%
Five-year	2.2%	6.0%
Ten-year	6.9%	6.0%

Audited Financial Statements

Investment Pools

Audited Financial Statements

June 30, 2012

Large Cap Domestic Equity Pool

Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2012

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Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Large Cap Domestic Equity Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Large Cap Domestic Equity Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	2,070,473
Collateral for securities loaned at fair value (Note 6)		46,162
Cash pledged as collateral for derivative contracts		253
Receivables:		
Investments sold		894
Dividends		3,270
Securities lending income		13
Unrealized gain on futures contracts (Note 7)		204
		<hr/>
Total assets		2,121,269

Liabilities

Accrued expenses		603
Payable for investments purchased		1,662
Payable upon return of securities loaned (Note 6)		49,257
		<hr/>
Total liabilities		51,522
		<hr/>
Net assets	\$	<u><u>2,069,747</u></u>

Analysis of net assets

Paid-in capital	\$	1,222,712
Accumulated undistributed net investment income		349,256
Accumulated undistributed net realized gain from investments		173,839
Unrealized net appreciation of investments		323,940
		<hr/>
Net assets	\$	<u><u>2,069,747</u></u>

Unit data

Units outstanding		149,343,643
Net asset value, unit price	\$	<u><u>13.86</u></u>

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Equity Securities			
<i>Basic Materials</i>			
Air Products and Chemicals Inc	38,000	\$ 3,126	\$ 3,068
Airgas Inc	51,300	4,006	4,310
Alcoa Inc	86,400	1,058	756
Allegheny Technologies Inc	8,800	236	281
Ball Corporation	56,200	1,760	2,307
Bemis Company Inc	8,600	218	270
CF Industries Holdings Inc	21,900	2,863	4,243
Cliffs Natural Resources Inc	19,200	1,008	946
Dow Chemical Company	142,800	4,039	4,498
Eastman Chemical Company	22,600	749	1,138
Ecolab Inc	131,800	7,700	9,032
EI DuPont de Nemours Co	179,100	6,961	9,057
FMC Corporation	38,900	1,681	2,080
Freeport-McMoRan Copper & Gold	86,600	3,018	2,950
International Paper Company	116,100	3,157	3,356
Intl Flavors & Fragrances Inc	6,900	292	378
MeadWestvaco Corp	13,500	234	388
Monsanto Company	68,500	4,873	5,670
Newmont Mining Corp	45,400	2,336	2,202
Nucor Corporation	106,600	4,305	4,040
Owens-Illinois Inc	125,400	2,899	2,404
PPG Industries Inc	45,500	3,355	4,828
Praxair Inc	67,600	6,526	7,350
Sealed Air Corporation	14,700	291	227
Sherwin-Williams Co	16,200	1,605	2,144
Sigma-Aldrich Corporation	67,600	4,562	4,998
The Mosaic Company	24,400	1,364	1,336
Titanium Metals Corp	9,000	86	102
United States Steel Corp	12,000	543	247
Vulcan Materials Company	19,100	839	758
<i>Total Basic Materials - 4.1%</i>		75,690	85,364
<i>Capital Goods</i>			
3M Co	59,200	4,420	5,304
Avery Dennison Corp	9,700	261	265
Boeing Company	65,800	3,826	4,889
C. H. Robinson Worldwide Inc	14,500	863	849
Caterpillar Inc	139,900	10,974	11,879
Cintas Corp	61,300	2,214	2,367
Cooper Industries PLC	13,900	745	948
CSX Corp	176,700	3,409	3,951
Cummins Inc	53,000	4,899	5,136
Danaher Corp	51,000	1,919	2,656
Deere & Company	38,700	2,048	3,130
Dover Corp	15,200	610	815
Eaton Corporation	58,800	2,165	2,330
Emerson Electric Co	60,900	2,587	2,837
Expeditors Intl of Washington	18,900	670	732
Fastenal Company	205,400	7,983	8,280
FedEx Corp	29,300	2,192	2,684
Flowserve Corp	21,500	2,253	2,467
Fluor Corporation	15,500	784	765
General Dynamics Corp	36,900	2,180	2,434
General Electric Company	1,510,775	31,641	31,485
Goodrich Corporation	39,000	3,687	4,949
Honeywell International Inc	138,300	6,237	7,723
Illinois Tool Works Inc	45,300	2,022	2,396
Ingersoll-Rand PLC	56,800	2,240	2,396
Iron Mountain Inc	21,400	606	705
Jacobs Engineering Group Inc	15,900	675	602
Joy Global Inc	64,900	4,920	3,682

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
L-3 Communications Hldgs Inc	8,500	664	629
Lockheed Martin Corp	54,300	4,098	4,728
Masco Corporation	224,400	2,790	3,112
Norfolk Southern Corp	37,200	1,923	2,670
Northrop Grumman Corp	20,700	1,017	1,320
PACCAR Inc	53,700	2,143	2,105
Pall Corporation	49,900	2,561	2,735
Parker-Hannifin Corporation	20,900	1,381	1,607
Precision Castparts Corp	18,600	2,506	3,060
Quanta Services Inc	21,000	457	505
Raytheon Company	36,000	1,646	2,037
Republic Services Inc	25,400	694	672
Robert Half International Inc	82,300	2,281	2,351
Rockwell Automation Inc	32,200	1,788	2,127
Rockwell Collins Inc	12,200	629	602
Roper Industries Inc	49,200	3,891	4,850
RR Donnelley & Sons Company	17,500	294	206
Ryder System Inc	39,400	1,962	1,419
Snap-On Inc	8,200	384	510
Stanley Black & Decker Inc	31,477	1,721	2,026
Textron Inc	73,600	1,657	1,830
Tyco International Ltd	43,000	1,679	2,273
Union Pacific Corp	80,900	6,390	9,652
United Parcel Service Inc	90,600	5,446	7,136
United Technologies Corp	75,700	4,886	5,718
W.W. Grainger Inc	40,800	6,890	7,803
Waste Management Inc	37,800	1,174	1,263
<i>Total Capital Goods - 9.4%</i>		171,982	193,602
<i>Communication Services</i>			
AT&T Inc	1,049,329	30,801	37,419
CenturyLink Inc	133,566	4,620	5,275
Crown Castle Intl Corporation	74,300	4,028	4,358
Frontier Communications Corp	87,886	733	337
Metropcs Communications Inc	29,700	282	180
Sprint Nextel Corporation	265,800	1,195	867
Verizon Communications Inc	347,449	11,652	15,441
Windstream Corp	49,400	489	477
<i>Total Communication Services - 3.1%</i>		53,800	64,354
<i>Consumer Discretionary</i>			
Abercrombie & Fitch Co	7,600	250	259
Amazon.com Inc	30,300	3,868	6,919
Apollo Group Inc	32,200	1,736	1,165
AutoNation Inc	2,700	49	95
AutoZone Inc	16,000	3,851	5,875
Bed Bath & Beyond Inc	37,800	1,905	2,336
Best Buy Co Inc	79,700	2,170	1,671
Big Lots Inc	29,500	1,035	1,203
Borg-Warner Inc	13,000	813	853
Cablevision Systems Corp	21,200	526	282
CarMax Inc	19,700	439	511
Carnival Corp	37,000	1,217	1,268
CBS Corp	259,700	5,629	8,513
Chipotle Mexican Grill Inc	7,000	2,171	2,660
Coach Inc	68,200	3,938	3,988
Comcast Corp	361,750	7,022	11,565
Darden Restaurants Inc	11,700	353	592
DeVry Inc	5,200	287	161
DIRECTV	76,300	2,581	3,725
Discovery Communications Inc	48,500	1,946	2,619
Dollar Tree Inc	100,800	4,440	5,423
DR Horton Inc	204,800	2,799	3,764

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
eBay Inc	110,400	2,793	4,638
Expedia Inc	48,850	1,671	2,348
Family Dollar Stores Inc	10,600	325	705
Ford Motor Company	392,400	3,820	3,763
Fossil Inc	5,700	765	436
GameStop Corp	30,400	760	558
Gannett Co Inc	157,500	2,124	2,320
Gap Inc	51,500	1,043	1,409
Genuine Parts Company	57,100	3,111	3,440
Goodyear Tire & Rubber Co	138,100	1,741	1,631
Harley-Davidson Inc	62,800	2,517	2,872
Harman Intl Industries Inc	11,800	476	467
Hasbro Inc	9,600	346	325
Home Depot Inc	194,000	6,503	10,280
International Game Technology	109,700	1,921	1,728
Interpublic Group of Co Inc	89,100	861	967
JC Penney Company Inc	85,300	2,658	1,988
Johnson Controls Inc	64,200	1,804	1,779
Kohl's Corporation	21,800	1,173	992
Leggett & Platt Inc	11,200	155	237
Limited Brands Inc	177,500	5,297	7,549
Lowe's Companies Inc	184,900	4,398	5,259
Macy's Inc	213,700	7,164	7,341
Marriott International Inc	103,780	3,679	4,068
Mattel Inc	57,500	1,413	1,865
McDonald's Corporation	224,900	16,734	19,910
McGraw-Hill Companies Inc	93,500	3,491	4,208
Netflix Inc	4,700	826	322
Newell Rubbermaid Inc	129,900	2,217	2,356
News Corp	194,100	2,600	4,326
Nike Inc	79,200	6,919	6,952
Nordstrom Inc	23,400	979	1,163
Omnicom Group Inc	61,300	2,672	2,979
O'Reilly Automotive Inc	72,000	5,774	6,031
Priceline.com Inc	8,310	2,398	5,522
PulteGroup Inc	254,000	1,819	2,718
Ralph Lauren Corp	8,800	945	1,233
Ross Stores Inc	148,300	5,129	9,264
Scripps Networks Interactive	8,000	229	455
Sears Holdings Corp	3,400	213	203
Southwest Airlines Co	70,900	657	654
Staples Inc	57,600	1,209	752
Starbucks Corp	112,600	3,841	6,004
Starwood Hotels & Resorts Inc	78,600	3,970	4,169
Target Corp	93,000	4,756	5,412
Tiffany & Co	11,700	535	620
Time Warner Cable Inc	27,012	1,284	2,218
Time Warner Inc	127,600	3,854	4,913
TJX Companies Inc	292,100	9,180	12,540
TripAdvisor Inc	44,850	1,346	2,004
Urban Outfitters Inc	24,400	699	673
VF Corp	61,000	7,966	8,140
Viacom Inc	109,000	3,536	5,125
Walt Disney Company	169,900	5,317	8,240
Washington Post Company	400	184	150
Whirlpool Corporation	6,400	444	391
Wyndham Worldwide Corporation	88,900	3,853	4,689
Wynn Resorts Limited	6,400	534	664
Yum Brands Inc	169,300	8,810	10,906
<i>Total Consumer Discretionary - 13.5%</i>		222,463	280,318
<i>Consumer Staples</i>			
Altria Group Inc	419,320	9,036	14,488

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Archer-Daniels-Midland Co	55,800	1,480	1,647
Avon Products Inc	38,200	1,147	619
Beam Inc	13,700	492	856
Brown Forman Corp	33,800	2,003	3,274
Campbell Soup Co	15,800	521	527
Clorox Company	10,500	628	761
Coca-Cola Company	292,200	15,989	22,847
Coca-Cola Enterprises Inc	63,700	1,509	1,786
Colgate-Palmolive Co	69,900	5,884	7,277
ConAgra Foods Inc	184,200	4,589	4,776
Constellation Brands Inc	13,400	215	363
Costco Wholesale Corp	44,500	2,923	4,228
CVS Caremark Corp	212,076	7,425	9,910
DE Master Blenders	198,500	1,986	2,244
Dean Foods Company	48,400	640	824
Dr Pepper Snapple Group Inc	20,600	493	901
Estee Lauder Companies Inc	61,700	1,986	3,339
General Mills Inc	54,500	1,845	2,100
Hershey Company	39,500	2,137	2,845
Hillshire Brands Co	39,700	1,058	1,151
HJ Heinz Company	41,500	1,852	2,257
Hormel Foods Corp	26,200	550	797
JM Smucker Company	18,500	1,223	1,397
Kellogg Company	22,600	1,137	1,115
Kimberly Clark Corporation	67,100	4,381	5,621
Kraft Foods Inc	309,500	9,960	11,953
Kroger Co	57,800	1,420	1,340
Lorillard Inc	40,300	4,095	5,318
McCormick & Company Inc	13,700	484	831
Mead Johnson Nutrition Co	97,109	5,924	7,818
Molson Coors Brewing Co	26,200	1,199	1,090
Monster Beverage Corporation	12,800	879	911
Pepsico Inc	178,864	10,739	12,639
Philip Morris Intl Inc	296,720	15,382	25,892
Procter & Gamble Company	389,932	23,426	23,883
Reynolds American Inc	83,700	2,288	3,756
Safeway Inc	58,900	1,122	1,069
Sysco Corp	58,600	1,474	1,747
Tyson Foods Inc	58,500	1,007	1,102
Walgreen Co	74,100	2,628	2,192
Wal-Mart Stores Inc	251,200	13,175	17,514
Whole Foods Market Inc	27,000	1,323	2,574
<i>Total Consumer Staples - 10.6%</i>		169,654	219,579
<i>Energy</i>			
Alpha Natural Resources Inc	48,000	1,512	418
Anadarko Petroleum Corp	47,600	2,541	3,151
Apache Corporation	31,800	2,965	2,795
Baker Hughes Inc	36,809	1,663	1,513
Cabot Oil & Gas Corporation	55,100	1,619	2,171
Cameron International Corp	51,800	2,357	2,212
Chesapeake Energy Corp	53,900	1,456	1,003
Chevron Corporation	373,655	30,582	39,421
ConocoPhillips	180,380	8,251	10,080
CONSOL Energy Inc	20,200	838	611
Denbury Resources Inc	282,100	4,646	4,263
Devon Energy Corporation	33,400	2,162	1,937
Diamond Offshore Drilling Inc	6,100	588	361
EOG Resources Inc	27,100	2,365	2,442
EQT Corp	49,600	2,573	2,660
Exxon Mobil Corporation	881,094	62,559	75,395
FMC Technologies Inc	139,700	5,860	5,480
Halliburton Company	78,000	1,988	2,214

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Helmerich & Payne Inc	69,200	3,621	3,009
Hess Corp	24,800	1,266	1,078
Kinder Morgan Inc	165,696	5,302	5,339
Marathon Oil Corp	241,700	5,753	6,180
Marathon Petroleum Corporation	68,150	2,055	3,061
Murphy Oil Corporation	16,200	896	815
Nabors Industries Ltd	186,600	3,278	2,687
National-Oilwell Varco Inc	168,700	10,878	10,871
Newfield Exploration Company	11,400	720	334
Noble Corp	20,400	725	664
Noble Energy Inc	35,800	2,967	3,037
Occidental Petroleum Corp	74,400	5,723	6,381
ONEOK Inc	134,800	3,658	5,703
Peabody Energy Corp	24,200	900	593
Phillips 66	92,540	2,537	3,076
Pioneer Natural Resources Co	60,500	4,814	5,337
QEP Resources Inc	15,700	380	471
Range Resources Corporation	18,000	976	1,114
Rowan Companies PLC	12,900	342	417
Schlumberger Ltd	132,311	8,379	8,588
Southwestern Energy Company	29,900	1,222	955
Spectra Energy Corp	214,200	5,408	6,225
Sunoco Inc	40,500	1,694	1,924
Tesoro Corporation	98,100	2,194	2,449
Valero Energy Corporation	45,300	857	1,094
Williams Companies Inc	181,400	4,276	5,228
WPX Energy Inc	64,100	889	1,037
<i>Total Energy - 11.9%</i>		218,235	245,794
<i>Financial Services</i>			
Ace Ltd	58,100	3,465	4,307
AFLAC Inc	92,300	3,891	3,931
Allstate Corp	57,200	1,748	2,007
American Express Co	134,000	5,265	7,800
American International Group	63,700	1,889	2,044
American Tower Corporation	81,400	4,494	5,691
Ameriprise Financial Inc	60,900	2,567	3,183
Aon PLC	41,200	1,785	1,927
Apartment Investment & Mgmt Co	11,700	163	316
Assurant Inc	69,300	2,557	2,414
Avalonbay Communities Inc	9,900	925	1,401
Bank of America Corporation	1,033,877	16,844	8,457
Bank of New York Mellon Corp	102,100	3,279	2,241
BB&T Corporation	173,100	4,611	5,340
Berkshire Hathaway Inc	164,196	12,312	13,682
BlackRock Inc	17,988	3,237	3,055
Boston Properties Inc	12,700	885	1,376
Capital One Financial Corp	78,500	3,356	4,291
CBRE Group Inc	36,500	511	597
Charles Schwab Corp	93,100	1,481	1,204
Chubb Corp	34,900	1,884	2,541
Cincinnati Financial Corp	73,200	2,475	2,787
Citigroup Inc	386,560	17,069	10,596
CME Group Inc	5,600	1,655	1,501
Comerica Inc	96,500	2,892	2,964
Discover Financial Services	185,300	3,992	6,408
E*Trade Financial Corporation	21,820	368	175
Equifax Inc	50,000	1,916	2,330
Equity Residential	30,000	1,170	1,871
Federated Investors Inc	9,400	248	205
Fifth Third Bancorp	268,000	3,272	3,591
First Horizon National Corp	187,268	1,615	1,620
Franklin Resources Inc	11,700	951	1,299

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Genworth Financial Inc	212,700	1,762	1,204
Goldman Sachs Group Inc	42,900	5,507	4,112
H&R Block Inc	172,100	2,732	2,750
Hartford Financial Services Gp	35,500	883	626
HCP Inc	64,300	2,307	2,839
Health Care REIT Inc	34,500	1,745	2,011
Host Hotels & Resorts Inc	295,562	4,379	4,676
Hudson City Bancorp Inc	144,200	1,324	919
Huntington Bancshares Inc	259,500	1,451	1,661
Intercontinental Exchange Inc	5,900	594	802
Invesco Limited	166,200	3,550	3,756
JP Morgan Chase & Co	477,753	17,505	17,070
KeyCorp	77,900	561	603
Kimco Realty Corporation	47,500	636	904
Legg Mason Inc	12,300	382	324
Leucadia National Corporation	40,700	1,178	866
Lincoln National Corp	108,100	2,392	2,364
Loews Corp	25,400	863	1,039
M & T Bank Corporation	11,400	845	941
Marsh & McLennan Cos Inc	177,900	5,113	5,734
MasterCard Inc	20,800	6,144	8,946
MetLife Inc	131,800	4,711	4,066
Moody's Corp	64,600	1,991	2,361
Morgan Stanley	247,800	5,669	3,615
Nasdaq OMX Group Inc	9,500	208	215
Northern Trust Corp	19,600	1,012	902
NYSE Euronext	21,100	605	540
People's United Financial Inc	188,200	2,355	2,185
Plum Creek Timber Co Inc	12,900	405	512
PNC Financial Services Group	67,800	3,629	4,143
Principal Financial Group Inc	47,400	1,221	1,243
Progressive Corp	71,400	1,239	1,487
Prologis Inc	62,874	1,881	2,089
Prudential Financial Inc	85,200	4,197	4,126
Public Storage	30,000	3,260	4,332
Regions Financial Corp	308,500	1,659	2,082
Simon Property Group Inc	34,202	3,177	5,324
SLM Corp	77,600	863	1,219
State Street Corp	53,200	2,397	2,375
SunTrust Banks Inc	63,900	1,399	1,548
T Rowe Price Group Inc	25,300	1,226	1,593
Torchmark Corporation	66,100	2,637	3,341
Travelers Cos Inc	41,700	1,960	2,662
Unum Group	23,200	430	444
US Bancorp	285,800	7,306	9,191
Ventas Inc	23,700	1,098	1,496
Visa Inc	100,600	9,873	12,437
Vornado Realty Trust	15,940	1,123	1,339
Wells Fargo & Company	650,700	17,515	21,759
Western Union Company	170,200	3,094	2,866
Weyerhaeuser Company	56,267	1,233	1,258
XL Group PLC	25,200	438	530
Zions Bancorporation	14,800	289	287
<i>Total Financial Services - 13.6%</i>		266,725	280,866
<i>Health Care</i>			
Abbott Laboratories	141,100	7,269	9,097
Aetna Inc	53,000	1,795	2,055
Agilent Technologies Inc	30,200	884	1,185
Alexion Pharmaceuticals Inc	40,500	3,716	4,022
Allergan Inc	54,500	4,056	5,045
AmerisourceBergen Corp	31,900	872	1,255
Amgen Inc	80,277	4,564	5,853

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Baxter International Inc	77,300	4,324	4,108
Becton Dickinson & Company	17,600	1,231	1,316
Biogen Idec Inc	57,600	4,612	8,316
Boston Scientific Corp	119,300	1,017	676
Bristol-Myers Squibb Company	271,942	7,041	9,776
Cardinal Health Inc	29,800	891	1,252
CareFusion Corporation	19,300	435	496
Celgene Corporation	82,800	5,199	5,312
Cerner Corporation	21,800	1,196	1,802
CIGNA Corporation	34,700	1,202	1,527
Coventry Health Care Inc	11,100	243	353
Covidien PLC	45,600	2,285	2,440
CR Bard Inc	6,800	551	731
DaVita Inc	8,400	474	825
DENTSPLY International Inc	18,200	607	688
Edwards Lifesciences Corp	10,200	849	1,054
Eli Lilly and Company	171,200	6,463	7,346
Express Scripts Holding Co	67,568	3,139	3,772
Forest Laboratories Inc	21,900	651	766
Gilead Sciences Inc	109,300	4,596	5,605
Hospira Inc	13,000	476	455
Humana Inc	24,800	1,243	1,921
Intuitive Surgical Inc	13,500	5,620	7,476
Johnson & Johnson	422,600	26,051	28,551
Laboratory Corp of Amer Hldgs	9,500	685	880
Life Technologies Corp	16,000	703	720
McKesson Corp	20,800	1,296	1,950
Medtronic Inc	86,200	3,224	3,339
Merck & Co Inc	398,480	13,655	16,637
Mylan Inc	37,900	601	810
Patterson Companies Inc	7,600	207	262
PerkinElmer Inc	18,500	411	477
Perrigo Company	8,300	816	979
Pfizer Inc	1,104,783	22,848	25,410
Quest Diagnostics Inc	16,800	873	1,006
St Jude Medical Inc	28,100	1,063	1,121
Stericycle Inc	8,100	471	743
Stryker Corporation	27,200	1,260	1,499
Tenet Healthcare Corporation	38,300	208	201
Thermo Fisher Scientific Inc	30,800	1,395	1,599
UnitedHealth Group Inc	145,800	5,322	8,529
Varian Medical Systems Inc	14,400	710	875
Waters Corporation	7,100	423	564
Watson Pharmaceuticals Inc	17,200	854	1,273
WellPoint Inc	33,200	1,849	2,118
Zimmer Holdings Inc	14,500	773	933
<i>Total Health Care - 9.5%</i>		163,199	197,001
<i>Technology</i>			
Accenture PLC	131,300	7,674	7,890
Adobe Systems Inc	44,700	1,362	1,447
Advanced Micro Devices Inc	131,200	755	752
Akamai Technologies Inc	72,900	2,254	2,315
Altera Corporation	26,800	673	907
Amphenol Corp	14,200	546	780
Analog Devices Inc	45,100	1,517	1,699
Apple Inc	139,600	29,194	81,526
Applied Materials Inc	108,300	1,352	1,239
Autodesk Inc	53,800	1,789	1,882
Automatic Data Processing Inc	148,200	7,246	8,249
BMC Software Inc	13,300	429	568
Broadcom Corp	44,600	1,402	1,506
CA Inc	64,700	1,383	1,753

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Cisco Systems Inc	1,160,100	21,775	19,919
Citrix Systems Inc	31,100	1,498	2,611
Cognizant Tech Solutions Corp	75,100	3,400	4,506
Computer Sciences Corp	12,600	634	313
Corning Inc	128,400	2,139	1,660
Dell Inc	436,300	6,696	5,458
Dun & Bradstreet Corp	21,600	1,433	1,537
Electronic Arts Inc	78,300	1,576	967
EMC Corporation	175,700	2,819	4,503
F5 Networks Inc	57,400	6,891	5,715
Fidelity Ntl Information Svcs	20,600	500	702
First Solar Inc	5,400	752	81
Fiserv Inc	32,500	1,843	2,347
FLIR Systems Inc	12,700	355	248
Google Inc	39,300	20,540	22,797
Harris Corporation	9,000	323	377
Hewlett-Packard Company	164,100	6,407	3,300
IBM	226,300	27,566	44,260
Intel Corporation	752,300	17,028	20,049
Intuit Inc	34,000	1,357	2,018
Jabil Circuit Inc	143,500	2,964	2,917
JDS Uniphase Corporation	17,800	89	196
Juniper Networks Inc	45,200	1,120	737
KLA-Tencor Corporation	105,400	4,995	5,191
Lam Research Corporation	57,600	2,146	2,174
Lennar Corporation	121,900	2,744	3,768
Lexmark International Inc	6,100	132	162
Linear Technology Corp	28,500	827	893
LSI Corporation	221,200	1,362	1,409
Microchip Technology Inc	78,800	2,714	2,607
Micron Technology Inc	81,000	587	511
Microsoft Corporation	1,020,102	26,105	31,205
Molex Inc	80,200	2,019	1,920
Motorola Solutions Inc	103,927	4,862	5,000
NetApp Inc	29,700	913	945
NVIDIA Corporation	53,900	553	745
Oracle Corporation	410,544	9,136	12,193
Paychex Inc	50,800	1,488	1,596
Pitney Bowes Inc	17,600	395	263
Qualcomm Inc	251,400	12,254	13,998
Red Hat Inc	97,900	4,965	5,529
SAIC Inc	23,400	441	284
Salesforce.com Inc	11,700	959	1,618
SanDisk Corporation	103,400	3,983	3,772
Seagate Technology PLC	31,700	783	784
Symantec Corporation	63,500	947	928
TE Connectivity Ltd	98,000	3,370	3,127
Teradata Corporation	44,400	2,008	3,197
Teradyne Inc	144,000	2,141	2,025
Texas Instruments Inc	197,300	5,617	5,661
Total System Services Inc	71,000	1,287	1,699
VeriSign Inc	42,300	1,314	1,843
Western Digital Corp	28,700	835	875
Xerox Corporation	117,495	1,001	925
Xilinx Inc	63,000	1,848	2,115
Xylem Inc	15,400	424	388
Yahoo! Inc	102,100	1,771	1,616
<i>Total Technology - 18.4%</i>		294,207	380,697
<i>Utilities</i>			
AES Corporation	241,400	3,080	3,097
AGL Resources Inc	38,737	1,569	1,501
Ameren Corporation	149,700	4,552	5,021

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
American Electric Power Co Inc	84,900	2,876	3,388
CenterPoint Energy Inc	46,600	652	963
CMS Energy Corporation	113,300	1,932	2,663
Consolidated Edison Inc	84,600	3,981	5,261
Dominion Resources Inc	169,000	7,572	9,126
DTE Energy Company	31,600	1,419	1,875
Duke Energy Corp	224,900	4,354	5,186
Edison International	64,700	2,534	2,989
Entergy Corporation	56,400	3,887	3,829
Exelon Corp	174,338	7,324	6,559
FirstEnergy Corp	94,832	3,914	4,665
Integrus Energy Group Inc	6,600	237	375
NextEra Energy Inc	128,000	7,328	8,808
NiSource Inc	185,900	3,642	4,601
Northeast Utilities	26,896	797	1,044
NRG Energy Inc	19,600	461	340
Pepco Holdings Inc	26,900	408	526
PG&E Corp	35,100	1,460	1,589
Pinnacle West Capital Corp	18,600	697	962
PPL Corporation	180,000	5,041	5,006
Progress Energy Inc	101,100	4,938	6,083
Public Service Enterprise Grp	112,900	3,636	3,669
SCANA Corporation	71,700	3,153	3,430
Sempra Energy	56,300	3,211	3,878
Southern Company	156,300	5,820	7,237
TECO Energy Inc	17,200	242	311
Wisconsin Energy Corporation	84,200	2,221	3,332
Xcel Energy Inc	163,600	3,809	4,644
Total Utilities - 5.4%		96,747	111,958
Total Equity Securities - 99.5%		1,732,702	2,059,533
Short-term Issues			
Dreyfus Cash Management Institutional Fund - 0.5%	10,939,949	10,940	10,940
Total Investment Securities - 100.0%		\$ 1,743,642	\$ 2,070,473
Collateral for Securities Loaned			
BNY Mellon Securities Lending Overnight Fund		\$ 45,752	\$ 45,752
Mellon SL DBT II Liquidating Fund		426	410
Mellon GSL DBT II Liquidating Trust		3,079	-
Total Collateral for Securities Loaned		\$ 49,257	\$ 46,162

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Dividends	\$	46,964
Securities lending income		77
Securities lending borrower premiums		249
Net shareholder litigation proceeds		<u>92</u>

Total investment income 47,382

Expenses

Investment advisor fees		(1,797)
Trustee fees		(7)
Custodian bank fees		(71)
Management fees		(646)
Fiduciary bond fees		(7)
Professional service fees		(117)
Securities lending agent fees		(60)
Futures commission expense		<u>(22)</u>

Total expenses (2,727)

Investment income, net 44,655

Realized and unrealized gain from investments

Net realized gain from investments		80,926
Net increase in the fair value of investments		<u>9,987</u>

Net gain from investments 90,913

Net increase in net assets from operations \$ 135,568

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	44,655
Net realized gain from investments		80,926
Net increase in the fair value of investments		<u>9,987</u>

Net increase in net assets from operations 135,568

Unit transactions

Proceeds from sale of units		263,671
Amount paid for repurchase of units		<u>(411,039)</u>

Net decrease in net assets from unit transactions (147,368)

Decrease in net assets (11,800)

Net assets, beginning of period 2,081,547

Net assets, end of period \$ 2,069,747

Unit data

Units sold		22,338,910
Units repurchased		<u>(31,157,761)</u>

Net decrease in units (8,818,851)

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, 2012.

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, 2012, 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. 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, 2012:

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	\$ 204		\$ -

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, 2012:

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	\$ 817	Net decrease in the fair value of investments	\$ (136)

Large Cap Domestic Equity 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Equity securities	\$ 2,059,533	\$ -	\$ -	\$ 2,059,533
Futures	204	-	-	204
Regulated investment companies	-	10,940	-	10,940
Securities lending collateral funds	-	46,162	-	46,162
Total	<u>\$ 2,059,737</u>	<u>\$ 57,102</u>	<u>\$ -</u>	<u>\$ 2,116,839</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 48,316		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	<u>\$ 49,257</u>	\$ 46,162	<u>\$ (3,095)</u>
Non-cash		223	
Total		<u>\$ 46,385</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, 2012 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.

Large Cap Domestic Equity Pool

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

NOTE 6. SECURITIES LENDING (continued)

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 2012, the pool has recorded, but not distributed \$2,318 of net securities lending income.

NOTE 7. FUTURES CONTRACTS

At June 30, 2012, open positions in futures contracts were as follows:

<u>Expiration</u>	<u>Open Contracts</u>	<u>Position</u>	<u>Value at June 30, 2012</u>	<u>Value Upon Entering Contract</u>	<u>Unrealized Gain (Loss)</u>
Sept 2012	88 S&P 500	Long	<u>\$ 5,968</u>	<u>\$ 5,764</u>	<u>\$ 204</u>

At June 30, 2012, the Pool had pledged cash of \$253 to cover margin requirements on open futures contracts.

NOTE 8. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$ 13.16
Income from investment operations:	
Net investment income	0.28
Net realized and unrealized gain on investment transactions	0.42
Total from investment operations	0.70
Net asset value at June 30, 2012	<u>\$ 13.86</u>

Time-weighted Total Return * 5.4%

Supplemental Data:

Net assets, end of period	\$ 2,069,747
Ratio to average net assets:	
Expenses **	0.13%
Net investment income **	2.13%
Portfolio turnover rate	56.06%

* 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 9. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 908,381
Public Employees' Retirement System	795,984
State Police Death, Disability and Retirement Fund	86,641
Workers' Compensation Old Fund	68,084
West Virginia Retiree Health Benefit Trust	56,350
Revenue Shortfall Reserve Fund - Part B	23,721
Judges' Retirement System	23,121
Deputy Sheriff's Retirement System	21,171
West Virginia Prepaid Tuition Trust Fund	20,019
Coal Workers' Pneumoconiosis Fund	18,692
State Police Retirement System	14,200
Board of Risk and Insurance Management	9,969
Wildlife Endowment Fund	7,283
Public Employees Insurance Agency	6,562
Emergency Medical Services Retirement System	6,360
West Virginia Department of Environmental Protection Trust	1,736
Workers' Compensation Self-Insured Guaranty Risk Pool	781
Workers' Compensation Uninsured Employers' Fund	661
Municipal Police Officers' and Firefighters' Retirement System	31
Total	<u>\$ 2,069,747</u>

NOTE 10. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Non-Large Cap Domestic Equity Pool

B

Non-Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Non-Large Cap Domestic Equity Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Non-Large Cap Domestic Equity Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	698,625
Collateral for securities loaned at fair value (Note 5)		34,896
Receivables:		
Investments sold		1,470
Dividends		570
Securities lending income		72
Foreign tax withholding		1
		<u>1</u>
Total assets		735,634

Liabilities

Accrued expenses		400
Payable upon return of securities loaned (Note 5)		<u>37,039</u>
Total liabilities		<u>37,439</u>
Net assets	\$	<u><u>698,195</u></u>

Analysis of net assets

Paid-in capital	\$	490,672
Accumulated undistributed net investment income		37,570
Accumulated undistributed net realized gain from investments		114,767
Accumulated undistributed net realized loss from foreign currency transactions		(506)
Unrealized net appreciation of investments		<u>55,692</u>
Net assets	\$	<u><u>698,195</u></u>

Unit data

Units outstanding		39,658,377
Net asset value, unit price	\$	<u><u>17.61</u></u>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Equity Securities			
<i>Basic Materials</i>			
A Schulman Inc	195,000	\$ 4,138	\$ 3,871
Boise Inc	212,700	1,590	1,400
Celanese Corp	80,510	2,252	2,787
Coeur d'Alene Mines Corp	69,400	1,698	1,219
Crown Holdings Inc	168,830	4,999	5,823
Domtar Corporation	41,900	3,246	3,214
Eastman Chemical Company	62,200	3,232	3,133
Georgia Gulf Corporation	171,530	4,812	4,403
Huntsman Corp	231,400	3,518	2,994
Packaging Corp of America	211,160	5,815	5,963
PH Glatfelter Company	256,200	3,994	4,194
Schweitzer-Mauduit Intl Inc	63,600	4,181	4,334
Wausau Paper Corp	165,500	1,568	1,610
Westlake Chemical Corporation	64,570	2,878	3,374
<i>Total Basic Materials - 6.9%</i>		47,921	48,319
<i>Capital Goods</i>			
Aegean Marine Petroleum Networ	462,200	2,866	2,473
AGCO Corporation	93,300	3,938	4,267
Alliant Techsystems Inc	60,300	3,730	3,049
Apollo Group Inc	123,200	4,829	4,459
Applied Industrial Tech Inc	59,400	1,810	2,189
BE Aerospace Inc	125,995	3,370	5,501
Crane Company	126,020	4,451	4,585
Dycom Industries Inc	81,100	1,827	1,509
Foster Wheeler AG	167,600	3,805	2,894
Gardner Denver Inc	89,720	6,860	4,747
Harsco Corporation	82,300	2,219	1,677
Hubbell Inc	112,010	6,355	8,730
IDEX Corporation	131,540	3,858	5,127
IHS Inc	57,280	4,673	6,171
KBR Inc	132,600	3,310	3,277
Landstar System Inc	117,200	4,612	6,062
Lennox International Inc	42,400	1,848	1,977
Lihua International Inc	190,800	1,667	1,046
Meritor Inc	305,500	1,545	1,595
NACCO Industries Inc	31,600	2,669	3,674
Oshkosh Corporation	128,800	3,251	2,698
Owens Corning Inc	114,090	3,438	3,256
PHH Corp	110,800	1,895	1,937
Ryder System Inc	65,620	3,444	2,363
Timken Company	197,390	8,413	9,038
TransDigm Group Inc	54,020	4,716	7,255
Trinity Industries Inc	58,300	1,551	1,456
United Rentals Inc	163,530	4,396	5,567
URS Corp	75,400	2,952	2,630
Waste Connections Inc	181,340	4,665	5,426
WESCO International Inc	117,290	5,092	6,750
<i>Total Capital Goods - 17.7%</i>		114,055	123,385
<i>Consumer Discretionary</i>			
Aaron's Inc	120,600	3,189	3,414
Aerostale Inc	79,000	1,357	1,409
Alaska Air Group Inc	57,200	1,696	2,053
Amerco Inc	28,300	2,896	2,546
American Eagle Outfitters Inc	340,420	5,824	6,716
Ann Inc	119,800	3,122	3,054
Arctic Cat Inc	91,000	3,505	3,327
Asbury Automotive Group Inc	69,500	1,755	1,646
Capella Education Company	73,600	2,260	2,558
Coinstar Inc	28,500	1,366	1,957
Destination Maternity Corp	85,200	1,648	1,840

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Foot Locker Inc	352,360	7,448	10,775
Hertz Global Holdings Inc	436,940	5,298	5,593
Hot Topic Inc	164,000	1,713	1,589
Interpublic Group of Co Inc	429,900	4,586	4,664
ITT Educational Services Inc	62,600	4,306	3,803
Leapfrog Enterprises Inc	152,400	1,523	1,564
Lear Corporation	40,000	1,884	1,509
Michael Kors Holdings Ltd	48,450	1,738	2,027
O'Reilly Automotive Inc	75,500	3,370	6,325
PetMed Express Inc	173,900	1,822	2,115
Signet Jewelers Ltd	141,970	5,356	6,248
US Airways Group Inc	128,700	1,495	1,716
WABCO Holdings Inc	34,500	1,690	1,826
Whirlpool Corporation	54,300	3,836	3,321
Williams Sonoma Inc	185,240	6,974	6,478
<i>Total Consumer Discretionary - 12.9%</i>		81,657	90,073
<i>Consumer Staples</i>			
Alliance One International Inc	320,000	970	1,107
Cal-Maine Foods Inc	44,700	1,666	1,748
Dean Foods Company	257,900	2,606	4,392
Nu Skin Enterprises Inc	72,010	4,142	3,377
Ralcorp Holdings Inc	121,610	6,939	8,116
<i>Total Consumer Staples - 2.7%</i>		16,323	18,740
<i>Energy</i>			
Denbury Resources Inc	338,510	5,200	5,115
EnSCO PLC	77,520	3,229	3,641
Gran Tierra Energy Inc	510,500	2,608	2,507
Helix Energy Solutions Group	283,600	4,844	4,654
Nabors Industries Ltd	348,400	4,581	5,017
Patterson-UTI Energy Inc	167,500	2,318	2,439
Rowan Companies PLC	173,320	6,095	5,603
Sunoco Inc	94,500	3,742	4,489
Tesoro Corporation	577,850	13,414	14,423
VAALCO Energy Inc	214,500	1,495	1,851
Western Refining Inc	144,700	2,768	3,222
<i>Total Energy - 7.6%</i>		50,294	52,961
<i>Financial Services</i>			
Allied World Assurance Co Hold	60,300	4,447	4,792
American Financial Group Inc	70,000	1,741	2,746
Assurant Inc	142,500	4,693	4,965
Assured Guaranty Ltd	96,000	1,618	1,354
Banco Latinoamericano Export	164,100	2,831	3,517
Calamos Asset Management Inc	78,500	788	899
CapitalSource Inc	467,100	3,173	3,139
Comerica Inc	313,150	8,374	9,617
Commonwealth REIT	234,300	4,738	4,480
East West Bancorp Inc	129,900	2,422	3,047
Everest Re Group Ltd	126,310	11,332	13,072
First Citizens BancShares Inc	9,900	1,724	1,650
First Republic Bank	123,510	3,763	4,150
Hospitality Properties Trust	205,200	4,498	5,083
Huntington Bancshares Inc	942,800	5,570	6,034
Interactive Brokers Group Inc	134,300	2,160	1,977
International Bancshares Corp	76,600	1,542	1,495
Jones Lang LaSalle Inc	145,030	11,376	10,206
Lazard Ltd	204,750	5,427	5,321
Lincoln National Corp	89,400	1,509	1,955
Maiden Holdings Ltd	239,400	2,132	2,078
Montpelier Re Hldgs Ltd	244,700	5,067	5,210
National Health Investors Inc	61,600	2,181	3,137
Nelnet Inc	57,600	1,252	1,325

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
PacWest Bancorp	212,300	4,074	5,025
PartnerRe Ltd	20,300	1,440	1,536
Penn Real Estate Invest Tst	116,100	1,691	1,739
Popular Inc	74,830	1,561	1,243
ProAssurance Corporation	28,800	1,998	2,566
Protective Life Corporation	103,100	2,522	3,032
PS Business Parks Inc	76,000	3,987	5,147
Raymond James Financial Inc	155,040	5,347	5,309
Reinsurance Group of America	109,900	6,565	5,848
RenaissanceRe Holdings Ltd	47,100	3,653	3,580
Republic Bancorp Inc	38,600	712	859
SEI Investments Company	82,400	1,679	1,639
Sunstone Hotel Investors Inc	157,900	1,600	1,735
UMB Financial Corp	32,500	1,501	1,665
Umpqua Holdings Corporation	203,800	2,701	2,682
Urstadt Biddle Properties Inc	43,300	838	856
Washington Federal Inc	323,600	5,245	5,466
Wilshire Bancorp Inc	372,200	1,846	2,036
Winthrop Realty Trust	212,200	2,020	2,580
<i>Total Financial Services - 22.3%</i>		145,338	155,792
<i>Health Care</i>			
Community Health Systems Inc	216,400	4,099	6,066
Coventry Health Care Inc	242,500	6,359	7,709
DENTSPLY International Inc	215,000	7,420	8,129
Elan Corporation PLC	432,810	3,582	6,315
Health Net Inc	121,000	2,633	2,937
Hologic Inc	242,830	4,549	4,381
IDEXX Laboratories Inc	67,533	5,237	6,492
Mettler-Toledo International	29,430	3,664	4,587
Myriad Genetics Inc	178,600	3,859	4,245
PDL BioPharma Inc	753,300	4,443	4,994
Sun Healthcare Group Inc	402,300	2,719	3,367
Thoratec Corp	47,500	1,572	1,595
Wellcare Health Plans Inc	34,900	1,846	1,850
<i>Total Health Care - 9.0%</i>		51,982	62,667
<i>Technology</i>			
Alliance Data Systems Corp	70,020	4,780	9,453
Amdocs Ltd	112,600	3,333	3,346
Amkor Technology Inc	313,500	1,680	1,530
Avnet Inc	117,900	3,691	3,638
CACI International Inc	92,100	4,683	5,067
Cbeyond Inc	203,000	1,589	1,374
FleetCor Technologies Inc	138,830	3,732	4,865
Fortinet Inc	171,440	4,051	3,981
Informatica Corporation	168,650	8,578	7,144
Ingram Micro Inc	116,400	2,297	2,034
JDS Uniphase Corporation	303,580	3,842	3,339
Lender Processing Services Inc	64,100	1,553	1,620
LSI Corporation	674,900	4,846	4,299
Net 1 UEPS Technologies Inc	232,500	2,966	1,946
NeuStar Inc	59,100	1,554	1,974
Neutral Tandem Inc	235,500	2,536	3,104
Nuance Communications Inc	230,610	3,957	5,493
NXP Semiconductor NV	134,170	2,322	3,117
ON Semiconductor Corp	357,830	2,852	2,541
SAIC INC	178,800	2,036	2,167
Sanmina-SCI Corporation	137,000	1,560	1,122
Skyworks Solutions Inc	202,850	4,312	5,542
Syntel Inc	35,740	1,689	2,169
Tech Data Corporation	72,200	3,128	3,478
Teradyne Inc	253,440	3,518	3,563
Unisys Corporation	256,900	5,166	5,022

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
United Online Inc	873,000	4,986	3,684
Xyratex Ltd	303,600	3,166	3,434
<i>Total Technology - 14.3%</i>		94,403	100,046
<i>Utilities</i>			
Alliant Energy Corp	102,400	3,340	4,666
American Water Works Co Inc	158,800	3,798	5,444
CMS Energy Corporation	139,500	2,930	3,278
El Paso Electric Company	45,000	1,053	1,492
NV Energy Inc	125,500	1,937	2,206
OGE Energy Corp	45,600	1,684	2,362
Pinnacle West Capital Corp	115,300	4,974	5,966
PNM Resources Inc	184,400	2,318	3,603
Portland General Electric Co	129,000	2,595	3,437
<i>Total Utilities - 4.7%</i>		24,629	32,454
Total Equity Securities - 98.1%		626,602	684,437
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 2.0%	14,188,606	14,188	14,188
Total Investment Securities - 100.1%		\$ 640,790	\$ 698,625
<u>Collateral for Securities Loaned</u>			
BNY Mellon Securities Lending Overnight Fund		\$ 34,586	\$ 34,586
Mellon SL DBT II Liquidating Fund		322	310
Mellon GSL DBT II Liquidating Trust		2,131	-
Total Collateral for Securities Loaned		\$ 37,039	\$ 34,896

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Dividends, net of foreign withholding taxes	\$ 9,900
Securities lending income	96
Securities lending borrower premiums	538
Net shareholder litigation proceeds	244
Commission recapture	<u>59</u>

Total investment income 10,837

Expenses

Investment advisor fees	(1,588)
Trustee fees	(2)
Custodian bank fees	(24)
Management fees	(221)
Fiduciary bond fees	(2)
Professional service fees	(40)
Securities lending agent fees	<u>(118)</u>

Total expenses (1,995)

Investment income, net 8,842

Realized and unrealized gain (loss) from investments

Net realized gain from investments	42,243
Net decrease in the fair value of investments	<u>(70,459)</u>

Net loss from investments (28,216)

Net decrease in net assets from operations \$ (19,374)

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Assets
Year Ended June 30, 2012
(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 8,842
Net realized gain from investments	42,243
Net decrease in the fair value of investments	<u>(70,459)</u>

Net decrease in net assets from operations (19,374)

Unit transactions

Proceeds from sale of units	74,958
Amount paid for repurchase of units	<u>(90,512)</u>

Net decrease in net assets from unit transactions (15,554)

Decrease in net assets (34,928)

Net assets, beginning of period 733,123

Net assets, end of period \$ 698,195

Unit data

Units sold	4,748,650
Units repurchased	<u>(5,043,312)</u>

Net decrease in units (294,662)

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, 2012.

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, 2012, 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. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Equity securities	\$ 684,437	\$ -	\$ -	\$ 684,437
Regulated investment companies	-	14,188	-	14,188
Securities lending collateral funds	-	34,896	-	34,896
Total	\$ 684,437	\$ 49,084	\$ -	\$ 733,521

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 36,140		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	\$ 37,039	\$ 34,896	\$ (2,143)
Non-cash		-	
Total		\$ 34,896	

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, 2012 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.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 5. SECURITIES LENDING (continued)

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 2012, the pool has recorded, but not distributed \$1,651 of net securities lending income.

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$	18.35
Income from investment operations:		
Net investment income		0.21
Net realized and unrealized loss on investment transactions		<u>(0.95)</u>
Total from investment operations		<u>(0.74)</u>
Net asset value at June 30, 2012	\$	<u>17.61</u>

Time-weighted Total Return * -4.0%

Supplemental Data:

Net assets, end of period	\$	698,195
Ratio to average net assets:		
Expenses **		0.26%
Net investment income **		1.24%
Portfolio turnover rate		108.53%

* 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 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 307,418
Public Employees' Retirement System	269,212
State Police Death, Disability and Retirement Fund	29,507
Workers' Compensation Old Fund	23,050
West Virginia Retiree Health Benefit Trust	19,078
Revenue Shortfall Reserve Fund - Part B	8,033
Judges' Retirement System	7,802
Deputy Sheriff's Retirement System	7,158
Coal Workers' Pneumoconiosis Fund	6,327
State Police Retirement System	4,779
West Virginia Prepaid Tuition Trust Fund	4,532
Board of Risk and Insurance Management	3,376
Wildlife Endowment Fund	2,467
Public Employees Insurance Agency	2,221
Emergency Medical Services Retirement System	2,147
West Virginia Department of Environmental Protection Trust	590
Workers' Compensation Self-Insured Guaranty Risk Pool	265
Workers' Compensation Uninsured Employers' Fund	223
Municipal Police Officers' and Firefighters' Retirement System	10
Total	<u>\$ 698,195</u>

NOTE 8. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

International Qualified Pool

International Qualified Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) International Qualified Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

International Qualified Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	801,731
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Liabilities

Accrued expenses		<u>46</u>
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Net assets	\$	<u>801,685</u>
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Analysis of net assets

Paid-in capital	\$	379,767
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Accumulated undistributed net investment loss		(31,769)
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Accumulated undistributed net realized gain from investments		26,216
--	--	--------

Unrealized net appreciation of investments		<u>427,471</u>
--	--	----------------

Net assets	\$	<u>801,685</u>
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Unit data

Units outstanding		20,625,481
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Net asset value, unit price	\$	<u>38.87</u>
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See accompanying notes to financial statements.

International Qualified Pool

Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Investments in Other Funds			
Silchester International Investors' Value Equity Group Trust - 100.0%	12,151,842	\$ 374,260	\$ 801,731

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.

The Silchester International Investors' Value Equity Group Trust had investments in the following countries at June 30, 2012.

	Percent of Market Value
Japan	26.7 %
Switzerland	15.5
Great Britain	14.3
France	10.4
Netherlands	6.1
South Korea	5.5
Hong Kong	3.9
Singapore	3.9
Germany	2.3
Thailand	2.3
Belgium	1.4
Taiwan	1.3
Mexico	1.0
Greece	0.8
Italy	0.8
Norway	0.7
Portugal	0.7
Denmark	0.6
Spain	0.5
Austria	0.4
Finland	0.4
Sweden	0.3
Malaysia	0.2
Total	100.0 %

See accompanying notes to financial statements.

International Qualified Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income	\$	-
Expenses		
Investment advisor fees		(4,261)
Trustee fees		(3)
Management fees		(256)
Fiduciary bond fees		(3)
Professional service fees		<u>(46)</u>
	Total expenses	<u>(4,569)</u>
	Investment loss, net	(4,569)
Realized and unrealized gain (loss) from investments		
Net realized gain from investments		2,529
Net decrease in the fair value of investments		<u>(79,421)</u>
	Net loss from investments	<u>(76,892)</u>
	Net decrease in net assets from operations	<u><u>\$ (81,461)</u></u>

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$ (4,569)
Net realized gain from investments	2,529
Net decrease in the fair value of investments	<u>(79,421)</u>

Net decrease in net assets from operations (81,461)

Unit transactions

Proceeds from sale of units	10,922
Amount paid for repurchase of units	<u>(10,639)</u>

Net increase in net assets from unit transactions 283

Decrease in net assets (81,178)

Net assets, beginning of period 882,863

Net assets, end of period \$ 801,685

Unit data

Units sold	256,973
Units repurchased	<u>(249,842)</u>

Net increase in units 7,131

See accompanying notes to financial statements.

International Qualified Pool

Statement of Cash Flows
Year Ended June 30, 2012
(Amounts in thousands)

Cash flows from operating activities

Net decrease in net assets from operations	\$ (81,461)
Adjustments to reconcile net decrease in net assets from operations to net cash used in operating activities:	
Proceeds from disposition of investment securities	4,643
Decrease in accrued expenses	(357)
Net realized gain from investments	(2,529)
Net decrease in the fair value of investments	<u>79,421</u>
Net cash used in operating activities	(283)

Cash flows from financing activities

Proceeds from units sold	10,922
Paid for repurchase of units	<u>(10,639)</u>
Net cash provided by financing activities	<u>283</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, 2012.

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, 2012, was \$801,731. 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, 2012 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. 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.

International Qualified Pool

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

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Investments in other funds	\$ -	\$ 801,731	\$ -	\$ 801,731

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$	42.82
Income from investment operations:		
Net investment loss		(0.22)
Net realized and unrealized loss on investment transactions		(3.73)
Total from investment operations		(3.95)
Net asset value at June 30, 2012	\$	38.87

Time-weighted Total Return * -9.3%

Supplemental Data:

Net assets, end of period	\$	801,685
Ratio to average net assets:		
Expenses **		0.55%
Net investment income **		-0.55%
Portfolio turnover rate		0.00%

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

** All ratios are for the fiscal year

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012.

Participant	Account Value
Teachers' Retirement System	\$ 393,701
Public Employees' Retirement System	343,311
State Police Death, Disability and Retirement Fund	37,412
Judges' Retirement System	9,901
Deputy Sheriff's Retirement System	9,036
State Police Retirement System	5,717
Emergency Medical Services Retirement System	2,593
Municipal Police Officers' and Firefighters' Retirement System	14
Total	\$ 801,685

International Qualified Pool

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

NOTE 7. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

International Nonqualified Pool

D

International Nonqualified Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) International Nonqualified Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

International Nonqualified Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	87,453
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Liabilities

Accrued expenses		<u>5</u>
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Net assets	\$	<u>87,448</u>
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Net assets

Paid-in capital	\$	42,186
Accumulated undistributed net investment loss		(4,135)
Accumulated undistributed net realized gain from investments		27,980
Unrealized net appreciation of investments		<u>21,417</u>

Net assets	\$	<u>87,448</u>
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Unit data

Units outstanding		2,424,706
Net asset value, unit price	\$	<u>36.07</u>

See accompanying notes to financial statements.

International Nonqualified Pool

Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<u>Investments in Other Funds</u>			
Silchester International Investors' Value Equity Trust - 100.0%	1,261,014	\$ 66,036	\$ 87,453

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.

The Silchester International Investors' Value Equity Trust had investments in the following countries at June 30, 2012.

	Percent of Market Value
Japan	26.7 %
Switzerland	15.5
Great Britain	14.4
France	10.3
Netherlands	6.1
South Korea	5.5
Hong Kong	3.9
Singapore	3.9
Thailand	2.3
Germany	2.3
Belgium	1.4
Taiwan	1.3
Mexico	1.0
Greece	0.9
Italy	0.8
Norway	0.7
Portugal	0.7
Denmark	0.6
Spain	0.5
Finland	0.4
Austria	0.3
Sweden	0.3
Malaysia	0.2
Total	100.0 %

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income	\$	-
Expenses		
Investment advisor fees		(608)
Management fees		(28)
Professional service fees		<u>(5)</u>
	Total expenses	<u>(641)</u>
	Investment loss, net	(641)
Realized and unrealized gain (loss) from investments		
Net realized gain from investments		156
Net decrease in the fair value of investments		<u>(8,680)</u>
	Net loss from investments	<u>(8,524)</u>
	Net decrease in net assets from operations	<u><u>\$ (9,165)</u></u>

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$	(641)
Net realized gain from investments		156
Net decrease in the fair value of investments		<u>(8,680)</u>

Net decrease in net assets from operations (9,165)

Unit transactions

Proceeds from sale of units		29,066
Amount paid for repurchase of units		<u>(535)</u>

Net increase in net assets from unit transactions 28,531

Increase in net assets 19,366

Net assets, beginning of period 68,082

Net assets, end of period \$ 87,448

Unit data

Units sold		731,085
Units repurchased		<u>(15,012)</u>

Net increase in units 716,073

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Cash Flows
Year Ended June 30, 2012
(Amounts in thousands)

Cash flows from operating activities

Net decrease in net assets from operations	\$ (9,165)
Adjustments to reconcile net decrease in net assets from operations to net cash used in operating activities:	
Purchase of investment securities	(28,500)
Proceeds from disposition of investment securities	607
Increase in accrued expenses	3
Net realized gain from investments	(156)
Net decrease in the fair value of investments	<u>8,680</u>
Net cash used in operating activities	(28,531)

Cash flows from financing activities

Proceeds from units sold	29,066
Paid for repurchase of units	<u>(535)</u>
Net cash provided by financing activities	<u>28,531</u>

Net change in cash -

Cash

Beginning balance	<u>-</u>
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, 2012.

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, 2012, was \$87,453. 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, 2012 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. 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.

International Nonqualified Pool

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

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2012:

Assets	Level 1	Level 2	Level 3	Total
Investments in other funds	\$ -	\$ 87,453	\$ -	\$ 87,453

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$	39.85
Income from investment operations:		
Net investment loss		(0.26)
Net realized and unrealized loss on investment transactions		(3.52)
Total from investment operations		(3.78)
Net asset value at June 30, 2012	\$	36.07

Time-weighted Total Return * -9.5%

Supplemental Data:

Net assets, end of period	\$	87,448
Ratio to average net assets:		
Expenses **		0.73%
Net investment income **		-0.73%
Portfolio turnover rate		0.69%

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

** All ratios are for the fiscal year

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012.

Participant	Account Value
Workers' Compensation Old Fund	\$ 29,749
West Virginia Retiree Health Benefit Trust	23,929
Revenue Shortfall Reserve Fund - Part B	9,880
Coal Workers' Pneumoconiosis Fund	8,199
Board of Risk and Insurance Management	4,327
West Virginia Prepaid Tuition Trust Fund	4,304
Wildlife Endowment Fund	3,125
Public Employees Insurance Agency	2,709
West Virginia Department of Environmental Protection Trust	603
Workers' Compensation Self-Insured Guaranty Risk Pool	332
Workers' Compensation Uninsured Employers' Fund	291
Total	\$ 87,448

International Nonqualified Pool

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

NOTE 7. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

International Equity Pool

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International Equity Pool

Audited Financial Statements June 30, 2012

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Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) International Equity Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

International Equity Pool

Statement of Assets and Liabilities June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,901,833
Collateral for securities loaned at fair value (Note 5)	115,664
Cash denominated in foreign currencies (cost \$21,206)	21,210
Receivables:	
Investments sold	3,934
Dividends	7,252
Securities lending income	140
Foreign tax withholding	2,115
Unrealized gain on foreign currency forward contracts (Note 6)	<u>31</u>
Total assets	2,052,179

Liabilities

Accrued expenses	2,076
Payable for investments purchased	4,532
Payable upon return of securities loaned (Note 5)	119,012
Unrealized loss on foreign currency forward contracts (Note 6)	<u>46</u>
Total liabilities	<u>125,666</u>
Net assets	<u>\$ 1,926,513</u>

Analysis of net assets

Paid-in capital	\$ 1,288,002
Accumulated undistributed net investment income	324,131
Accumulated undistributed net realized gain from investments	356,715
Accumulated undistributed net realized gain from foreign currency transactions	93,651
Unrealized net depreciation of investments	(105,684)
Unrealized net depreciation on translation of assets and liabilities in foreign currencies	<u>(30,302)</u>
Net assets	<u>\$ 1,926,513</u>

Unit data

Units outstanding	97,637,602
Net asset value, unit price	<u>\$ 19.73</u>

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities

June 30, 2012

(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	\$ 1,075
Nortel Inversora SA	123,040	2,538	1,922
<i>Total Argentina - 0.2%</i>		4,072	2,997
<i>Australia</i>			
Arrium Ltd	2,545,600	6,194	2,257
BlueScope Steel Ltd	1,549,600	4,967	477
Boart Longyear Group	934,400	2,866	2,739
Caltex Australia Ltd	379,200	3,794	5,255
Downer EDI Ltd	720,314	2,422	2,311
DUET Group	1,134,997	1,646	2,141
Flight Centre Ltd	128,430	2,813	2,492
Goodman Fielder Ltd	3,139,617	3,417	1,770
Macquarie Group Ltd	278,000	6,160	7,409
Medusa Mining Ltd	383,713	2,483	1,900
Metcash Ltd	1,480,513	5,855	5,114
National Australia Bank Ltd	404,300	11,114	9,756
Rio Tinto Ltd	133,800	11,080	7,749
SAI Global Limited	485,186	2,565	2,377
Southern Cross Media Group	285,367	940	351
Telstra Corporation Ltd	1,738,800	5,111	6,577
Wotif.com Holdings Ltd	604,511	2,512	2,609
<i>Total Australia - 3.3%</i>		75,939	63,284
<i>Austria</i>			
Andritz AG	58,446	2,835	3,005
Erste Group Bank AG	588,657	17,478	11,164
OMV AG	214,600	8,816	6,746
Voestalpine AG	137,600	4,958	3,642
<i>Total Austria - 1.3%</i>		34,087	24,557
<i>Belgium</i>			
Barco NV	22,300	1,603	1,128
Delhaize Le Lion SA	146,000	8,784	5,351
D'leteren SA NV	63,471	3,074	2,642
KBC Groep NV	113,900	5,008	2,409
Mobistar SA	39,818	2,493	1,366
Tessenderlo Chemie NV	65,300	2,990	1,666
<i>Total Belgium - 0.8%</i>		23,952	14,562
<i>Bermuda</i>			
Alliance Oil Company Ltd	182,446	2,763	1,660
China Yuchai International Ltd	226,207	3,831	3,092
Credicorp Ltd	27,200	2,518	3,424
Dickson Concepts Ltd	1,628,500	1,191	873
First Pacific Company Ltd	10,890,314	4,430	11,246
Haier Electronics Group	1,266,000	1,345	1,508
Peoples Food Holdings Ltd	13,272,000	10,065	5,238
Skworth Digital Holdings Ltd	5,046,000	2,429	2,225
Varitronix International Ltd	783,000	784	329
Yue Yuen Industrial Holdings	1,682,000	3,440	5,248
<i>Total Bermuda - 1.8%</i>		32,796	34,843
<i>Brazil</i>			
Banco do Brasil SA	837,501	10,663	8,103
Banco do Estado do Rio Grande - Preferred Stock	705,400	5,052	4,963
Banco Santander Brasil SA	1,162,160	13,891	9,007
BR Malls Participacoes	252,000	3,063	2,872
Centrais Elect de Sata Catarin - Preferred Stock	155,600	4,108	3,129
Centrais Eletricas Brasileiras	716,760	8,176	5,039
Centrais Eletricas Brasileiras - Preferred Stock	383,500	4,038	3,709
CETIP	161,179	2,469	2,004
CIA Paranaense De Energia	198,080	2,402	3,768

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Companhia de Bebidas das Amer	49,100	1,590	1,882
Companhia de Saneamento	263,700	4,440	10,060
Companhia Energetica de Minas - Preferred Stock	236,300	3,045	4,394
Companhia Energetica do Ceara - Preferred Stock	218,650	3,704	4,168
Companhia Paranaense	148,020	2,928	3,209
Ecorodovias Infra E Log	272,600	2,223	2,184
Eletropaulo Metropolitana SA - Preferred Stock	134,600	2,452	1,690
Embraer SA	318,028	6,673	8,437
Gerdau SA	238,300	2,454	2,088
Inpar SA	2,577,740	4,582	1,916
Itau Unibanco Holding SA	341,820	6,120	4,758
Localiza Rent A Car	141,400	2,342	2,126
Marcopolo SA - Preferred Stock	469,800	2,043	2,106
Marfrig Frigorificos e Comerci	926,285	7,548	4,286
Oi SA	622,000	11,614	4,873
Petroleo Brasileiro SA	828,182	24,074	15,107
Petroleo Brasileiro SA - Preferred Stock	628,300	9,234	5,681
Telefonica Brasil	316,589	2,915	7,832
Tim Participacoes SA	293,560	5,049	8,061
Vale SA	215,300	5,863	4,274
Vale SA - Preferred Stock	478,800	11,391	9,289
<i>Total Brazil - 7.8%</i>		176,146	151,015
<i>Canada</i>			
Agrium Inc	80,200	6,067	7,098
ATCO Ltd	11,600	346	822
Canadian Imperial Bank	141,300	9,111	9,931
Celestica Inc	597,200	3,867	4,335
Cogeco Cable Inc	55,900	2,514	2,540
Ensign Energy Services Inc	262,500	3,989	3,605
Genworth MI Canada Inc	89,100	2,443	1,612
Laurentian Bank of Canada	83,174	2,496	3,793
Lundin Mining Corporation	860,900	3,123	3,564
Magna International Inc	164,000	8,605	6,469
Metro Inc	154,500	6,876	7,900
National Bank of Canada	100,800	5,026	7,195
Pacific Rubiales Energy Corp	95,600	2,506	2,022
Precision Drilling Corporation	410,600	4,276	2,791
Rogers Communications Inc	132,100	5,094	4,783
Sherritt International Company	604,400	3,606	2,905
Teck Corporation	187,800	6,177	5,808
Transcontinental Inc	239,200	3,637	2,180
Westjet Airlines LTD	275,500	3,515	4,348
<i>Total Canada - 4.3%</i>		83,274	83,701
<i>Cayman Islands</i>			
Baidu Inc	26,440	3,331	3,040
Belle International Holdings	1,389,500	2,558	2,350
Chaoda Modern Agricultures Ltd	19,491,636	12,313	1,560
Daphne International Holdings	1,974,000	1,905	1,990
Hengan International Group	169,500	1,749	1,638
Kingboard Laminates Holding	3,250,500	2,844	1,190
Longking Holdings Ltd	10,369,000	3,897	2,460
New World Department Store	1,401,000	1,313	753
Tencent Holdings Ltd	97,700	2,563	2,847
VST Holdings Limited	2,840,000	847	491
Xinyi Glass Holdings Co Ltd	3,286,000	1,911	1,741
Yingde Gases	8,870,500	8,581	8,074
<i>Total Cayman Islands - 1.5%</i>		43,812	28,134
<i>China</i>			
Bank of China Ltd	19,058,000	6,228	7,223
China Coal Energy Co	3,637,000	3,310	2,973
China Construction Bank Corp	5,867,100	4,890	4,001
China Merchants Bank	1,291,000	2,932	2,407

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
China Pet & Chem Cor (Sinopec)	8,680,000	7,227	7,699
China South Locomotive	3,723,000	2,681	2,875
Chongqing Machinery & Electric	7,926,000	1,644	1,063
Dongfeng Motor Group Company	2,208,000	3,171	3,387
Great Wall Motor Company Ltd	4,665,999	3,450	9,252
Harbin Power Equipment Company	4,930,000	5,590	3,960
Jiangxi Copper Company Ltd	993,000	2,826	2,169
PetroChina Company Ltd	16,090	2,295	2,078
Ping An Insurance Co	215,500	1,635	1,714
Shanghai Electric Group Co	6,350,000	2,789	2,562
Sichuan Xinhua Winshare	6,391,000	1,553	2,744
Sinotrans Ltd	35,607,000	6,371	5,784
Weiqiao Textile Company Ltd	12,431,908	15,893	4,584
<i>Total China - 3.5%</i>		74,485	66,475
<i>Czech Republic</i>			
Telefonica O2 Czech Republic - 0.3%	325,580	7,552	6,230
<i>Denmark</i>			
D/S Norden A/S	69,847	2,446	1,853
Danske Bank A/S	144,600	3,042	2,009
SimCorp A/S	17,397	2,254	2,996
<i>Total Denmark - 0.4%</i>		7,742	6,858
<i>Finland</i>			
Huhtamaki	224,400	2,469	3,335
TietoEnator Oyj	171,000	4,238	2,730
<i>Total Finland - 0.3%</i>		6,707	6,065
<i>France</i>			
Altran Technologies SA	313,790	2,222	1,379
Axa	343,200	8,663	4,564
BNP Paribas	111,600	8,205	4,296
Compagnie Generale de Geophy	86,610	2,613	2,224
Credit Agricole SA	510,196	3,980	2,247
Etablissements Maurel et Prom	94,314	1,688	1,363
France Telecom SA	289,000	8,066	3,805
Ingenico SA	74,596	3,357	3,628
Ipsos	74,741	2,540	2,201
Rallye SA	35,300	2,308	1,008
Sanofi-Synthelabo SA	217,400	14,899	16,482
SCOR SE	247,703	6,130	6,007
Teleperformance	89,421	3,055	1,973
Total SA	232,600	14,724	10,479
Valeo SA	154,487	6,880	6,370
Vivendi Universal	508,089	14,198	9,433
<i>Total France - 4.0%</i>		103,528	77,459
<i>Germany</i>			
ADVA AG Optical Networking	274,027	1,808	1,421
Allianz AG	67,400	9,038	6,767
BASF AG	100,500	4,292	6,976
Bayer AG	103,100	5,498	7,429
Deutsche Bank AG	96,600	8,016	3,494
Deutsche Post AG	404,700	5,812	7,159
Draegerwerk AG - Preferred Stock	24,112	2,400	2,381
E.On AG	252,600	7,276	5,450
Fielmann AG	24,274	2,423	2,249
Fuchs Petrolub AG - Preferred Stock	69,948	1,692	3,830
Kabel Deutschland Holding AG	60,979	3,313	3,802
Krones AG	42,184	2,200	2,129
Muenchener Rueckversicherungs	44,700	7,603	6,305
MUT Aero Engines Holding AG	42,775	3,154	3,145
Pfeiffer Vacuum Technology AG	26,176	1,854	2,669
Rheinmetall AG	28,889	1,713	1,419

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
RWE AG	119,300	7,858	4,871
Symrise AG	61,627	1,501	1,876
TUI AG	354,304	3,152	2,119
Volkswagen AG	68,000	8,689	10,256
<i>Total Germany - 4.5%</i>		89,292	85,747
<i>Greece</i>			
Alapis Holding Ind & Commer	46,477	1,132	2
Alpha Bank AE	91,300	2,833	146
Hellenic Petroleum SA	43,638	608	261
<i>Total Greece - 0.0%</i>		4,573	409
<i>Hong Kong</i>			
AAC Technologies Holdings Inc.	550,000	1,692	1,581
Beijing Enterprises Holdings	392,500	2,173	2,353
China Mobile (Hong Kong) Ltd	1,589,000	15,186	17,361
China Resources Power	3,166,500	5,708	6,491
China Taiping Insurance	644,200	1,271	1,041
Citic Pacific Ltd	2,143,000	4,154	3,232
CNOOC Ltd	2,221,000	4,922	4,409
Esprit Holding Ltd	1,088,100	1,449	1,387
Fushan Intl Energy Group Ltd	4,994,000	1,705	1,281
Galaxy Entertainment Group	796,000	1,731	1,966
Global Bio-Chem Technology	1,824,000	429	261
<i>Total Hong Kong - 2.1%</i>		40,420	41,363
<i>Hungary</i>			
Magyar Telekom - 0.4%	3,864,270	15,829	7,620
<i>India</i>			
Ashok Leyland Ltd	5,364,700	2,817	2,392
Aurobindo Pharma	752,050	2,904	1,482
Dr. Reddy's Laboratories	38,900	1,320	1,155
Grasim Industries Limited	78,900	4,315	3,758
HDFC Bank Ltd	131,000	4,161	4,271
Indiabulls Financial Services	1,075,300	3,920	4,427
Indian Oil Corporation Ltd	1,333,045	6,933	6,106
ITC Limited	403,979	1,825	1,873
Maruti Suzuki India Ltd	111,581	2,829	2,338
McLeod Russel India Ltd	346,493	2,094	1,850
Reliance Infrastructure Ltd	1,530,315	15,967	15,300
Tata Motors Ltd	230,600	5,851	5,064
<i>Total India - 2.6%</i>		54,936	50,016
<i>Indonesia</i>			
Bank Rakyat Indonesia	2,911,500	2,053	1,968
Indofood Sukses Mak TBK	2,244,500	1,187	1,159
Semen Gresik (Persero) TBK	2,387,400	2,670	2,872
Timah Tbk PT	15,752,500	3,295	2,314
<i>Total Indonesia - 0.4%</i>		9,205	8,313
<i>Ireland</i>			
Irish Life & Permanent Group	398,100	6,377	14
Total Produce PLC	82,700	92	42
<i>Total Ireland - 0.0%</i>		6,469	56
<i>Israel</i>			
Bank Leumi Le-Israel	976,800	3,243	2,348
Bezeq Israeli Telecommunicatio	795,078	1,096	828
Israel Discount Bank	1,644,552	3,628	1,675
Partner Communications Company	472,472	8,118	1,886
Syneron Medical Ltd	259,721	2,711	2,696
Teva Pharmaceutical Ltd	171,700	6,922	6,675
<i>Total Israel - 0.8%</i>		25,718	16,108

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>Italy</i>			
Amplifon SpA	251,956	1,210	1,179
De'Longhi SPA	114,263	1,270	1,100
Enel SpA	1,254,800	6,552	4,048
ENI SpA	424,300	11,514	9,035
Finmeccanica SpA	276,900	4,130	1,117
Lottomatica SPA	75,285	1,434	1,452
Parmalat SpA	791,808	1,537	1,501
Pirelli & Company SpA	347,876	2,787	3,662
Prysmian SpA	141,491	2,218	2,108
Sorin SPA	858,072	1,724	1,869
<i>Total Italy - 1.4%</i>		34,376	27,071
<i>Japan</i>			
77 Bank Ltd	543,000	2,453	2,225
Aeon Delight Company Ltd	89,351	1,545	2,046
Asahi Kasei Corp	918,000	5,625	4,947
Brother Industries Ltd	227,200	3,214	2,574
Century Leasing System Inc	214,200	2,725	3,992
Coca-Cola West Company	162,300	2,893	2,825
Cocokara Fine Holdings Inc	80,100	2,067	2,646
Daiseki Company Ltd	106,760	2,065	1,849
Disco Corp	37,300	1,946	2,092
Don Quijote Co Ltd	77,800	2,736	2,673
Eizo Nannao Corporation	51,700	1,645	1,031
Foster electric Company Ltd	104,300	1,645	1,686
GEO Corporation	1,800	1,846	1,999
Hanwa Company Ltd	600,000	3,094	2,271
Heiwa Corporation	127,000	2,154	2,372
Hitachi Capital Corporation	67,400	608	1,120
Hitachi Metals Ltd	134,000	1,578	1,584
Hoshizaki Electric Company Ltd	85,196	1,385	2,147
Itochu Corp	499,000	3,527	5,203
Japan Petroleum Exploration Co	42,100	1,744	1,593
JSR Corporation	128,986	2,307	2,220
JTEKT Corporation	194,200	1,909	1,986
JVC Kenwood Holdings	483,100	1,972	1,665
JX Holdings Inc	958,421	6,146	4,901
KDDI Corporation	1,100	5,634	7,072
Keihin Corporation	160,500	1,387	2,353
Keiyo Bank Ltd	233,007	1,136	1,078
Konica Corporation	430,000	3,048	3,357
Kyorin Co Ltd	126,000	2,319	2,650
Kyowa Exeo Corporation	239,500	2,147	2,431
Marubeni Corporation	654,800	2,948	4,317
Matsumotokiyoshi Holdings Co	167,400	3,080	3,705
Megmilk Snow Brand Co Ltd	110,800	2,142	1,945
Miraca Holdings Inc	144,700	3,107	5,994
Mitsubishi Tokyo Finl Grp Inc	1,467,600	6,590	6,953
Mitsui & Company Ltd	422,100	7,215	6,211
Mizuho Financial Grp Inc	4,206,600	8,886	7,065
Musashi Seimitsu Industry Co	76,131	1,934	1,447
NGK Insulators LTD	167,000	2,033	1,827
Nichirei Corporation	477,000	2,190	2,337
Nippon Denko Company Ltd	337,000	1,598	1,267
Nippon Telegraph & Telephone	188,900	8,428	8,760
NTT DoCoMo	5,500	8,422	9,147
Otsuka Holdings Co Ltd	254,800	7,684	7,801
Pola Orbis Holdings Inc	164,300	4,221	5,072
Q.P. Corporation	179,900	2,629	2,728
Sankyo Company Ltd	48,400	2,199	2,354
Sapporo Hokuyo Holdings Inc	705,600	3,211	2,175
Sapporo Holdings Ltd	728,341	2,925	2,337
Seino Holdings Corporation Ltd	330,000	1,730	2,200
Shimadzu Corporation	262,000	2,233	2,249

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
Sumitomo Corporation	783,000	10,541	10,873
Sumitomo Mitsui Financial Grp	224,700	6,979	7,356
Sundrug Co Ltd	90,200	2,475	2,929
THK Co Ltd	94,114	1,939	1,760
Toagosei Company Ltd	602,000	2,621	2,339
Tokyo Tatemono Company Ltd	751,700	2,747	2,798
Toshiba Plant Sys & Ser Corp	275,695	3,113	3,258
Toyo Suisan Kaisha Ltd	155,000	3,220	4,132
UBIC Inc	7,720	852	631
United Urban Investment Corp	2,633	2,908	2,835
Yaskawa Electric Corporation	280,000	2,242	2,106
Yodogawa Steel Works Ltd	512,000	2,194	1,964
Yokogawa Electric Corp	196,900	1,712	2,019
Yokohama Rubber Company Ltd	504,000	2,710	3,771
<i>Total Japan - 11.2%</i>		206,158	215,250
<i>Korea</i>			
BS Financial Group Inc	649,670	3,643	7,175
Hana Financial Group	175,280	6,605	5,540
Hyundai Motor Co Ltd	21,433	4,445	4,351
Hyundai Motor Company	207,252	9,760	11,997
Hyundai Securities Co Ltd	341,900	2,955	2,534
Industrial Bank of Korea (IBK)	305,000	5,052	3,395
KB Financial Group Inc	304,146	13,200	9,831
Korea Electric Power Corp	333,948	9,158	7,479
Korea Exchange Bank	656,100	7,827	4,669
KT Corporation	204,200	6,962	5,411
LG Chemical Ltd	7,336	2,444	1,870
LG Electronics Inc	19,354	1,555	1,031
Lotte Chilsung Beverage Co	5,094	4,505	6,525
Lotte Confectionery Co Ltd	1,417	1,520	1,935
NHN Corporation	9,531	1,883	2,080
Posco	57,077	15,747	12,334
Samsung Electronics Co Ltd	14,160	10,855	14,848
Samsung Engineering Co	13,720	2,914	2,150
Samsung Heavy Industries	76,790	2,787	2,501
Shinhan Financial Group	335,370	12,564	11,625
SK Holdings Co Ltd	37,800	3,405	4,373
SK Telecom Company Ltd	83,000	11,227	9,058
<i>Total Korea - 6.9%</i>		141,013	132,712
<i>Luxembourg</i>			
Ternium - 0.0%	46,470	893	909
<i>Malaysia</i>			
Axiata Group Berhad	1,468,200	2,432	2,529
Sime Darby Berhad	815,000	2,660	2,538
<i>Total Malaysia - 0.3%</i>		5,092	5,067
<i>Mauritius</i>			
Golden Agri-Resources Ltd - 0.1%	3,772,779	1,589	1,995
<i>Mexico</i>			
Alfa SA A Shares	453,400	2,692	7,202
America Movil	338,533	8,109	8,822
Cemex SAB de CV	1,380,201	10,301	9,289
Fibra Uno Administracion SA	2,531,964	4,150	5,179
Fomento Economico Mexicano SAB	30,100	2,032	2,686
Grupo Financiero Banorte	745,900	3,231	3,842
Grupo Televisa MM	1,368,013	5,172	5,850
Grupo Televisa SA	199,700	4,306	4,290
<i>Total Mexico - 2.4%</i>		39,993	47,160
<i>Netherlands</i>			
Aegon NV	879,800	7,090	4,069

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
ASM International NV	35,275	771	1,338
Delta Lloyd NV	150,800	3,505	2,094
Koninklijke (Royal) KPN NV	569,500	8,070	5,461
Koninklijke Ahold NV	577,000	7,790	7,157
Koninklijke DSM NV	139,700	5,192	6,879
Nutreco Holding NV	102,814	6,132	7,167
<i>Total Netherlands - 1.8%</i>		38,550	34,165
<i>New Zealand</i>			
Chorus Ltd	402,320	943	1,015
Telecom Corp of New Zealand	3,382,435	5,768	6,498
<i>Total New Zealand - 0.4%</i>		6,711	7,513
<i>Norway</i>			
Cermaq ASA	178,900	2,702	2,355
DNB Holding ASA	425,700	4,781	4,222
Marine Harvest	3,035,738	2,208	2,153
StatoilHydro ASA	275,900	7,095	6,563
Stolt-Nielsen Ltd	96,500	2,011	1,623
TGS Nopec Geophysical Company	112,649	1,434	3,024
Veidekke ASA	272,143	2,467	1,937
<i>Total Norway - 1.1%</i>		22,698	21,877
<i>Pakistan</i>			
Nishat Mills Ltd - 0.0%	1,831,640	2,114	922
<i>Panama</i>			
Banco Latinoamericano de Exp	604,261	9,560	12,949
Copa Holdings	26,600	1,757	2,194
<i>Total Panama - 0.8%</i>		11,317	15,143
<i>Philippines</i>			
First Philippine Holdings Corp	2,029,217	1,282	3,641
Metropolitan Bank & Trust Co	1,872,369	3,071	4,110
<i>Total Philippines - 0.4%</i>		4,353	7,751
<i>Poland</i>			
KGHM Polska Miedz - 0.3%	154,400	5,140	6,708
<i>Portugal</i>			
Banco Espirito Santo - 0.0%	675,000	2,243	461
<i>Russia</i>			
Gazprom	1,291,150	13,421	12,182
Lukoil	408,916	24,689	22,920
Magnit	106,097	2,950	3,191
MMC Norilsk Nickel	402,961	6,648	6,657
Mobile TeleSystems	342,400	5,033	5,889
OAo TMK	139,166	1,703	1,670
Rosneft Oil	402,666	2,796	2,521
RusHydro	2,348,853	8,060	5,641
Sberbank	1,502,507	4,862	3,997
<i>Total Russia - 3.4%</i>		70,162	64,668
<i>Singapore</i>			
ComfortDelGro Corporation	1,854,000	2,072	2,261
DBS Group Holdings Ltd	429,000	3,783	4,697
Flextronics International Ltd	1,736,940	8,107	10,769
Haw Par Corporation Ltd	532,000	2,330	2,520
Hong Leong Asia Ltd	1,164,000	2,220	1,484
Suntec REIT	1,232,000	1,289	1,313
Venture Corp Ltd	207,000	1,114	1,278
<i>Total Singapore - 1.3%</i>		20,915	24,322

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>South Africa</i>			
Aspen Pharmicare Holdings	108,486	1,733	1,669
Astral Foods Ltd	161,900	2,256	2,237
Barloworld Ltd	225,647	2,492	2,235
Clicks Group Ltd	355,173	2,055	2,334
Exxaro Resources Ltd	89,309	2,165	2,076
FirstRand Ltd	1,086,643	3,105	3,506
Imperial Holdings Ltd	563,974	3,878	11,861
Metropolitan Holdings Ltd	1,946,300	3,206	4,284
MTN Group Ltd	927,220	14,208	15,977
Nampak Ltd	1,627,100	3,355	4,974
<i>Total South Africa - 2.7%</i>		38,453	51,153
<i>Spain</i>			
Banco Santander Ctrl Hisp SA	763,400	8,451	5,058
Repsol SA	282,500	7,856	4,532
Telefonica SA	332,800	7,121	4,380
Viscofan SA	65,491	2,330	2,820
<i>Total Spain - 0.9%</i>		25,758	16,790
<i>Sweden</i>			
Boliden AB	577,000	8,085	8,025
Meda AB	274,998	2,284	2,624
NCC AB	212,300	3,788	3,817
<i>Total Sweden - 0.8%</i>		14,157	14,466
<i>Switzerland</i>			
Aryzta AG	45,090	2,172	2,244
Baloise Holding Ltd	73,300	4,946	4,840
BKW SA	50,182	2,641	1,686
Credit Suisse Group	219,200	9,498	3,997
DKSH Holdings Ltd	31,112	1,666	1,709
Informa PLC	607,510	2,813	3,622
Kudelski SA - BR	196,595	1,379	1,495
Kuoni Reisen Holding AG	8,687	2,943	2,662
Novartis AG	266,800	10,898	14,911
Partners Group Holding AG	14,487	1,431	2,581
Roche Holding AG	69,500	10,010	12,013
Swiss Re Ltd	128,500	6,874	8,085
Zurich Financial Services AG	28,300	6,612	6,384
<i>Total Switzerland - 3.4%</i>		63,883	66,229
<i>Taiwan</i>			
Asustek Computer Inc	289,000	2,869	2,626
Catcher Technology Co Ltd	264,000	1,861	1,754
Chinatrust Financial Holding	4,778,075	3,570	2,718
Chipbond Technology Corp	2,627,000	3,320	3,512
Compal Electronics Inc	15,114,938	14,094	13,833
Gigabyte Technology Company	2,968,000	2,206	2,825
Hon Hai Precision Industry Co	754,000	2,196	2,256
Lite-On-It Corp	2,747,000	2,565	2,661
Novatek Microelectronics Corp	2,724,000	6,581	8,331
Simplo Technology Co Ltd	124,000	859	844
Taiwan Prosperity Chemical	1,012,600	4,050	2,419
Taiwan Semiconductor	375,500	4,823	5,242
Wistron Corporation	3,238,000	3,847	3,955
<i>Total Taiwan - 2.7%</i>		52,841	52,976
<i>Thailand</i>			
Banpu Putlic Company Ltd	151,300	3,342	2,134
Charoen Pokphand Foods Public	1,289,400	1,581	1,563
Kasikornbank Public Co Ltd	662,600	2,586	3,380
Krung Thai Bank Public Co Ltd	16,010,900	4,677	8,116
PTT PLC	264,400	2,870	2,689
<i>Total Thailand - 0.9%</i>		15,056	17,882

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
<i>Turkey</i>			
Arcelik AS	259,200	1,141	1,310
AYGAZ AS	690,980	2,808	2,896
Dogus Otomotiv Servis	828,060	1,859	2,545
Ford Otomotiv Sanayi AS	398,700	3,789	3,615
Koza Altin Isletmeleri AS	124,271	1,804	2,405
Selcuk Exza Deposu Ticaret AS	3,454,524	4,463	3,419
Turkiye Garanti Bankasi AS	2,337,860	8,642	9,177
Turkiye Halk Bankasi	773,100	4,946	6,048
Turkiye Sinai Kalkinma Bank	2,041,642	2,069	2,077
Turkiye Vakiflar Bankasi T-D	4,234,600	4,474	8,803
<i>Total Turkey - 2.2%</i>		35,995	42,295
<i>United Arab Emirates</i>			
Air Arabia - 0.4%	49,680,491	9,983	8,048
<i>United Kingdom</i>			
Afren PLC	1,290,042	2,700	2,098
AstraZeneca Group PLC	424,400	18,737	18,991
Aviva PLC	814,200	6,345	3,481
Babcock International Group	187,117	1,950	2,505
Barclays PLC	1,904,200	11,439	4,864
Barratt Developments PLC	1,541,305	2,968	3,363
BBA Aviation PLC	828,708	2,472	2,652
BP Amoco PLC	2,203,400	18,852	14,582
British Aerospace PLC	1,491,800	7,408	6,753
BT Group PLC	3,380,900	9,759	11,210
Cable & Wireless Communication	7,168,000	4,198	3,328
Computacenter PLC	900,800	3,344	4,248
Cookson Group PLC	177,263	1,246	1,640
Daily Mail & General Trust PLC	414,887	2,428	2,753
Debenhams PLC	3,379,730	3,469	4,578
Derwent London PLC	97,313	2,448	2,828
Domino Printing Sciences	223,163	2,296	1,890
Drax Group PLC	238,300	2,584	2,095
Enquest PLC	1,376,275	2,629	2,325
GlaxoSmithKline PLC	374,400	7,614	8,497
Greene King PLC	72,815	343	629
HSBC Bank Plc	73,700	1,243	1,299
Hunting PLC	240,686	2,175	2,724
IG Group Holdings PLC	429,785	2,125	3,229
Inchcape PLC	603,600	2,657	3,130
International Personal Finance	540,838	2,027	2,028
J Sainsbury PLC	1,464,800	7,455	6,925
Jazztel PLC	353,135	2,220	2,003
Legal & General Group PLC	2,319,500	4,876	4,631
Logica PLC	517,123	514	860
Mail.ru Group Ltd	72,744	2,801	2,465
Marston's PLC	893,188	2,333	1,456
Melrose PLC	534,768	2,420	3,121
Mitchells & Butlers PLC	643,849	3,211	2,527
Mondi PLC	779,100	5,721	6,660
Old Mutual PLC	2,645,600	6,228	6,282
Premier Farnell PLC	744,035	2,330	2,021
Premier Oil PLC	550,263	2,566	2,917
Royal & Sun Alliance Insurance	1,524,400	2,770	2,585
Royal Dutch Shell B Shares	778,400	22,216	27,165
RPS Group PLC	684,658	1,671	2,239
Spectris PLC	124,609	1,683	2,994
Spirax-Sarco Engineering	80,737	1,819	2,515
Spirent Commuicatio PLC	1,223,705	2,175	3,081
St. James Place PLC	492,611	1,753	2,583
Tesco PLC	796,700	3,809	3,874
Thomas Cook Group	959,500	3,433	226
Vodafone Group PLC	2,467,200	5,000	6,936

See accompanying notes to financial statements.

International Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Cost	Fair Value
William Morrison Supermarkets	1,471,000	6,997	6,139
<i>Total United Kingdom - 11.5%</i>		221,457	219,925
<i>United States</i>			
AsiaInfo-Linkage Inc	43,400	513	512
Cognizant Tech Solutions A	42,000	2,890	2,520
First Cash Finl Svcs Inc	44,900	1,780	1,804
Southern Copper Corporation	54,200	1,798	1,708
<i>Total United States - 0.3%</i>		6,981	6,544
Total Equities - 97.9%		2,018,415	1,885,814
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 0.8%	16,019,131	16,019	16,019
Total Investment Securities - 98.7%		\$ 2,034,434	\$ 1,901,833
<u>Collateral for Securities Loaned</u>			
BNY Mellon Securities Lending Overnight Fund		\$ 114,637	\$ 114,637
Mellon SL DBT II Liquidating Fund		1,070	1,027
Mellon GSL DBT II Liquidating Trust		3,305	-
Total Collateral for Securities Loaned		\$ 119,012	\$ 115,664

See accompanying notes to financial statements.

International Equity Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Dividends, net of foreign withholding taxes	\$ 66,315
Interest	8
Securities lending income	184
Securities lending borrower premiums	1,458
Net shareholder litigation proceeds	3
Commission recapture	<u>5</u>
Total investment income	67,973

Expenses

Investment advisor fees	(10,858)
Trustee fees	(6)
Custodian bank fees	(699)
Management fees	(565)
Fiduciary bond fees	(6)
Professional service fees	(101)
Securities lending agent fees	<u>(296)</u>
Total expenses	<u>(12,531)</u>
Investment income, net	55,442

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

Net realized gain from:	
Investments	14,131
Foreign currency transactions	1,862
Net decrease in the fair value of:	
Investments	(243,584)
Translation of assets and liabilities in foreign currencies	<u>(121,795)</u>
Net loss from investments and foreign currency	<u>(349,386)</u>
Net decrease in net assets from operations	<u><u>\$ (293,944)</u></u>

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 55,442
Net realized gain from investments	14,131
Net realized gain from foreign currency transactions	1,862
Net decrease in the fair value of investments	(243,584)
Net decrease in the translation of assets and liabilities in foreign currencies	<u>(121,795)</u>

Net decrease in net assets from operations (293,944)

Unit transactions

Proceeds from sale of units	426,982
Amount paid for repurchase of units	<u>(53,170)</u>

Net increase in net assets from unit transactions 373,812

Increase in net assets 79,868

Net assets, beginning of period 1,846,645

Net assets, end of period \$ 1,926,513

Unit data

Units sold	21,562,446
Units repurchased	<u>(2,402,511)</u>

Net increase in units 19,159,935

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. 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.

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.

International Equity Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012.

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, 2012, 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 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, 2012 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, 2012 are as follows:

International Equity Pool

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

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Currency	Equity Securities	Cash	Total
Australian Dollar	\$ 63,284	\$ 143	\$ 63,427
Brazil Real	77,642	3,441	81,083
British Pound	217,785	404	218,189
Canadian Dollar	83,701	75	83,776
Czech Crown	6,230	-	6,230
Danish Krone	6,858	24	6,882
Emirati Dirham	8,048	-	8,048
Euro Currency Unit	289,347	1,256	290,603
Hong Kong Dollar	152,281	697	152,978
Hungarian Forint	7,620	1	7,621
Indian Rupee	35,768	380	36,148
Indonesian Rupiah	8,313	145	8,458
Israeli Shekel	13,413	103	13,516
Japanese Yen	215,250	9,319	224,569
Malaysian Ringgit	5,067	126	5,193
Mexican Peso	22,072	24	22,096
New Taiwan Dollar	47,733	2,300	50,033
New Zealand Dollar	7,513	58	7,571
Norwegian Krone	21,877	28	21,905
Pakistan Rupee	922	-	922
Philippine Peso	7,751	75	7,826
Polish Zloty	6,708	9	6,717
Singapore Dollar	20,786	46	20,832
South African Rand	51,153	57	51,210
South Korean Won	128,548	2,374	130,922
Swedish Krona	16,126	71	16,197
Swiss Franc	62,607	6	62,613
Thailand Baht	17,882	-	17,882
Turkish Lira	42,295	48	42,343
Total	<u>\$ 1,644,580</u>	<u>\$ 21,210</u>	<u>\$ 1,665,790</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 \$257,253.

NOTE 4. 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 Equity Pool

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

NOTE 4. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Equity securities	\$ 1,885,814	\$ -	\$ -	\$ 1,885,814
Foreign currency forward contracts	-	31	-	31
Regulated investment companies	-	16,019	-	16,019
Securities lending collateral funds	-	115,664	-	115,664
Total	<u>\$ 1,885,814</u>	<u>\$ 131,714</u>	<u>\$ -</u>	<u>\$ 2,017,528</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (46)	\$ -	\$ (46)

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 113,088		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	<u>\$ 119,012</u>	<u>\$ 115,664</u>	<u>\$ (3,348)</u>
Non-cash		-	
Total		<u>\$ 115,664</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, 2012 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 2012, the pool has recorded, but not distributed \$5,549 of net securities lending income.

International Equity Pool

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

NOTE 6. FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2012, 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	Euro Currency Unit	06/28/2012	07/03/2012	731	\$ 928		\$ 908	\$ 20
Long	Euro Currency Unit vs. Japanese Yen	06/28/2012	07/02/2012	103	132	10,211	128	4
Long	Hong Kong Dollar	06/28/2012	07/03/2012	2,081	268		268	-
Long	Hong Kong Dollar	06/29/2012	07/03/2012	5,447	702		702	-
Long	Japanese Yen vs. British Pound	06/28/2012	07/02/2012	43,972	551	357	559	(8)
Long	Japanese Yen vs. British Pound	06/28/2012	07/02/2012	38,072	477	309	485	(8)
Long	Japanese Yen vs. Hong Kong Dollar	06/28/2012	07/03/2012	5,695	71	557	72	(1)
Long	Japanese Yen vs. Hong Kong Dollar	06/29/2012	07/04/2012	15,980	200	1,558	201	(1)
Long	Singapore Dollar vs. Japanese Yen	06/27/2012	07/02/2012	598	472	37,422	469	3
Long	Singapore Dollar vs. Japanese Yen	06/28/2012	07/03/2012	162	128	10,038	126	2
Long	Turkish Lira	06/28/2012	07/02/2012	414	229		227	2
Short	Brazil Real	06/28/2012	07/02/2012		225	471	233	(8)
Short	Hong Kong Dollar	06/29/2012	07/03/2012		143	1,110	143	-
Short	South Korean Won	06/28/2012	07/02/2012		564	652,849	570	(6)
Short	South Korean Won	06/29/2012	07/03/2012		858	983,025	858	-
Short	New Taiwan Dollar	06/29/2012	07/02/2012		40	1,207	40	-
Short	South African Rand	06/26/2012	07/03/2012		408	3,450	422	(14)
					<u>\$ 6,396</u>		<u>\$ 6,411</u>	<u>\$ (15)</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.

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$ 23.53
Income from investment operations:	
Net investment income	0.63
Net realized and unrealized loss on investment transactions	(3.07)
Net realized gain from foreign currency transactions	0.02
Net decrease in the translation of assets and liabilities in foreign currencies	(1.38)
Total from investment operations	<u>(3.80)</u>
Net asset value at June 30, 2012	<u>\$ 19.73</u>

Time-weighted Total Return * -16.1%

Supplemental Data:

Net assets, end of period	\$ 1,926,513
Ratio to average net assets:	
Expenses **	0.68%
Net investment income **	3.07%
Portfolio turnover rate	52.72%

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

** All ratios are for the fiscal year

International 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, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 851,090
Public Employees' Retirement System	742,277
State Police Death, Disability and Retirement Fund	82,434
Workers' Compensation Old Fund	63,582
West Virginia Retiree Health Benefit Trust	52,944
Revenue Shortfall Reserve Fund - Part B	22,469
Judges' Retirement System	21,658
Deputy Sheriff's Retirement System	19,898
Coal Workers' Pneumoconiosis Fund	17,334
State Police Retirement System	13,451
Board of Risk and Insurance Management	9,310
West Virginia Prepaid Tuition Trust Fund	8,354
Wildlife Endowment Fund	6,847
Public Employees Insurance Agency	6,208
Emergency Medical Services Retirement System	6,056
West Virginia Department of Environmental Protection Trust	1,221
Workers' Compensation Self-Insured Guaranty Risk Pool	739
Workers' Compensation Uninsured Employers' Fund	614
Municipal Police Officers' and Firefighters' Retirement System	27
Total	<u>\$ 1,926,513</u>

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Short-Term Fixed Income Pool

Short-Term Fixed Income Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Short Term Fixed Income Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Short-Term Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at amortized cost	\$	364,973
Accrued interest receivable		<u>78</u>
Total assets		365,051

Liabilities

Accrued expenses		<u>39</u>
Net assets	\$	<u><u>365,012</u></u>

Analysis of net assets

Paid-in capital	\$	364,962
Accumulated undistributed net realized gain from investments		<u>50</u>
Net assets	\$	<u><u>365,012</u></u>

Unit data

Units outstanding		364,961,632
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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>U. S. Treasury Issues</u>						
United States Treasury	0.380 %	0.088 %	08/31/2012	2,000	\$ 2,001	\$ 2,001
United States Treasury	3.880	0.166	10/31/2012	1,000	1,012	1,012
United States Treasury	1.380	0.208	03/15/2013	2,000	2,016	2,016
Total U. S. Treasury Issues - 1.4%					5,029	5,029
<u>U. S. Government Agency Issues</u>						
Federal Farm Credit Bank	0.320	0.220	07/23/2012	1,000	1,000	1,000
Federal Farm Credit Bank	0.150	0.194	02/06/2013	1,000	1,000	1,000
Federal Home Loan Bank	0.140	0.148	09/25/2012	4,000	4,000	4,000
Federal Home Loan Bank	0.160	0.174	11/13/2012	2,000	2,000	2,000
Federal Home Loan Bank	0.390	0.330	03/01/2013	1,000	1,000	1,001
Federal Home Loan Bank	0.230	0.248	04/05/2013	1,000	1,000	1,000
Federal Home Loan Mortgage	0.130	0.168	08/08/2012	1,000	1,000	1,000
Federal Home Loan Mortgage	2.130	0.163	09/21/2012	2,736	2,748	2,748
Federal National Mortgage Assn	1.750	0.144	08/10/2012	4,000	4,007	4,007
Federal National Mortgage Assn	0.630	0.148	09/24/2012	1,000	1,001	1,001
Federal National Mortgage Assn	4.750	0.179	11/19/2012	1,317	1,340	1,340
Total U. S. Government Agency Issues - 5.5%					20,096	20,097
<u>Short-term Issues</u>						
Bank of Nova Scotia	0.000	0.137	07/13/2012	5,000	5,000	5,000
Bank of Tokyo Mitsubishi	0.000	0.172	07/10/2012	6,000	6,000	6,000
Federal Home Loan Bank	0.000	0.081	07/05/2012	15,000	15,000	15,000
Federal Home Loan Bank	0.000	0.115	07/11/2012	8,000	8,000	8,000
Federal Home Loan Bank	0.000	0.108	07/13/2012	15,000	15,000	15,000
Federal Home Loan Bank	0.000	0.117	07/18/2012	6,000	6,000	6,000
Federal Home Loan Bank	0.000	0.085	07/20/2012	8,000	8,000	8,000
Federal Home Loan Bank	0.000	0.122	07/27/2012	2,000	2,000	2,000
Federal Home Loan Bank	0.000	0.051	07/31/2012	25,000	24,999	24,999
Federal Home Loan Bank	0.000	0.122	08/01/2012	3,500	3,500	3,500
Federal Home Loan Bank	0.000	0.117	08/08/2012	2,000	2,000	2,000
Federal Home Loan Bank	0.000	0.091	08/10/2012	9,000	8,999	8,999
Federal Home Loan Bank	0.000	0.107	08/29/2012	5,000	4,999	4,999
Federal Home Loan Bank	0.000	0.101	08/31/2012	3,000	2,999	2,999
Federal Home Loan Bank	0.000	0.127	09/21/2012	8,000	7,998	7,997
Federal Home Loan Bank	0.000	0.183	10/17/2012	1,000	999	1,000
Federal Home Loan Bank	0.000	0.162	10/31/2012	5,000	4,997	4,998
Federal Home Loan Bank	0.000	0.157	11/02/2012	12,000	11,993	11,993
Federal Home Loan Bank	0.000	0.162	11/16/2012	2,000	1,999	1,999
Federal Home Loan Mort Corp	0.000	0.081	07/02/2012	2,000	2,000	2,000
Federal Home Loan Mort Corp	0.000	0.122	07/17/2012	1,000	1,000	1,000
Federal Home Loan Mort Corp	0.000	0.112	07/30/2012	10,000	9,998	9,998
Federal Home Loan Mort Corp	0.000	0.122	08/06/2012	4,000	4,000	4,000
Federal Home Loan Mort Corp	0.000	0.071	08/10/2012	4,000	4,000	4,000
Federal Home Loan Mort Corp	0.000	0.132	10/01/2012	5,700	5,698	5,698
Federal Home Loan Mort Corp	0.000	0.133	10/22/2012	11,000	10,995	10,994
Federal National Mortgage Assn	0.000	0.152	07/02/2012	2,000	2,000	2,000
Newport Funding Corp	0.000	0.223	07/02/2012	7,279	7,279	7,279
Repurchase Agreement	0.140	0.140	07/02/2012	80,588	80,588	80,588
United States Treasury	0.000	0.051	07/05/2012	10,000	10,000	10,000
United States Treasury	0.000	0.046	07/12/2012	10,000	10,000	10,000
United States Treasury	0.000	0.082	07/19/2012	5,000	5,000	5,000
United States Treasury	0.000	0.042	07/26/2012	32,500	32,498	32,499
United States Treasury	0.000	0.081	08/02/2012	2,000	2,000	2,000
United States Treasury	0.000	0.077	09/06/2012	2,312	2,312	2,312
United States Treasury	0.000	0.097	09/13/2012	10,000	9,998	9,998
Total Short-Term Issues - 93.1%					339,848	339,849
Total Investment Securities - 100.0%					\$ 364,973	\$ 364,975

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Interest	\$	275
Net amortization		<u>(6)</u>

Total investment income 269

Expenses

Investment advisor fees		(123)
Trustee fee		(1)
Custodian bank fees		(10)
Management fees		(82)
Fiduciary bond fees		(1)
Professional service fees		<u>(15)</u>

Total expenses (232)

Investment income, net 37

Net realized gain from investments 4

Net increase in net assets from operations \$ 41

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	37
Net realized gain from investments		<u>4</u>
Net increase in net assets from operations		41

Distributions to unitholders

Investment income, net		(37)
------------------------	--	------

Unit transactions

Proceeds from sale of units		1,960,145
Reinvestment of distributions		<u>37</u>
		1,960,182
Amount paid for repurchase of units		<u>(1,953,944)</u>
Net increase in net assets from unit transactions		<u>6,238</u>

Increase in net assets 6,242

Net assets, beginning of period 358,770

Net assets, end of period \$ 365,012

Unit data

Units sold		1,960,145,352
Units issued from reinvestment of distributions		<u>36,740</u>
		1,960,182,092
Units repurchased		<u>(1,953,944,610)</u>
Net increase in units		<u><u>6,237,482</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, 2012.

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, 2012.

Security Type	Moody's	S&P	Carrying Value	Percent
Agency discount notes	Aaa	AA+	\$ 169,173	46.2%
Agency notes	Aaa	AA+	20,096	5.5
Commercial paper	P-1	A-1	18,279	5.0
U.S. Treasury bills	Aaa	AA+	71,808	19.6
U.S. Treasury notes	Aaa	AA+	86,995	23.7
Total rated investments			<u>\$ 366,351</u>	<u>100.0%</u>

This table includes securities received as collateral for repurchase agreements with a fair value of \$81,966 as compared to the amortized cost of the repurchase agreements of \$80,588.

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, 2012, 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, 2012, 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 60 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, 2012.

Security Type	Carrying Value	WAM (days)
Agency discount notes	\$ 169,173	48
Agency notes	20,096	95
Commercial paper	18,279	8
Repurchase agreements	80,588	1
U.S. Treasury bills	71,808	29
U.S. Treasury notes	5,029	153
Total assets	<u>\$ 364,973</u>	<u>36</u>

Foreign Currency Risk

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

NOTE 4. 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:

Short-Term Fixed Income Pool

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

NOTE 4. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Agency discount notes	\$ -	\$ 169,173	\$ -	\$ 169,173
Agency notes	-	20,096	-	20,096
Commercial paper	-	18,279	-	18,279
Repurchase agreements	-	80,588	-	80,588
U.S. Treasury bills	-	71,808	-	71,808
U.S. Treasury notes	-	5,029	-	5,029
Total	\$ -	\$ 364,973	\$ -	\$ 364,973

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

Short-Term Fixed Income Pool

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

NOTE5. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$	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, 2012	\$	1.00

Time-weighted Total Return ** 0.0%

Supplemental Data:

Net assets, end of period	\$	365,012
Ratio to average net assets:		
Expenses ***		0.09%
Net investment income ***		0.01%
Weighted average days to maturity		36
Maximum weighted average investment maturity per Board guidelines		60 days
Money market yield ****		0.03%

* 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

**** The money market yield represents the rate of income, net of expenses, earned over the past month and is not intended to indicate future performance. The return is annualized over a 365-day year, assuming no reinvestment of earnings.

Short-Term Fixed Income Pool

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

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Employers Contribution Collection Account	\$ 142,994
Workers' Compensation Old Fund	93,715
Teachers' Retirement System	67,224
Public Employees' Retirement System	26,949
Coal Workers' Pneumoconiosis Fund	12,017
Public Employees Insurance Agency	9,172
Board of Risk and Insurance Management	7,008
State Police Retirement System	1,417
West Virginia Prepaid Tuition Trust Fund	1,004
Workers' Compensation Uninsured Employers' Fund	926
State Police Death, Disability and Retirement Fund	718
Workers' Compensation Self-Insured Guaranty Risk Pool	534
Deputy Sheriff's Retirement System	468
Judges' Retirement System	367
Emergency Medical Services Retirement System	230
Wildlife Endowment Fund	126
Revenue Shortfall Reserve Fund	29
Revenue Shortfall Reserve Fund - Part B	24
Municipal Police Officers' and Firefighters' Retirement System	22
West Virginia Retiree Health Benefit Trust	15
West Virginia Department of Environmental Protection Trust	2
AccessWV	1
Total	<u>\$ 364,962</u>

NOTE 7. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Total Return Fixed Income Pool

Total Return Fixed Income Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Total Return Fixed Income Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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 Total Return Fixed Income Pool as of June 30, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Total Return Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2010

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 2,231,419
Collateral for securities loaned at fair value (Note 6)	2,407
Cash denominated in foreign currencies (cost \$2,950)	2,974
Cash pledged as collateral for derivative contracts	6,055
Unrealized gain on futures contracts (Note 7)	118
Unrealized gain on foreign currency forward contracts (Note 9)	291
Receivables:	
Accrued interest	14,982
Investments sold	82,638
Dividends	16
Securities lending income	15
Other	188
	<hr/>
Total assets	2,341,103

Liabilities

Cash overdraft	10
Accrued expenses	997
Dividends payable	5,944
Payable for investments purchased	18,701
Payable upon return of securities loaned (Note 6)	4,023
Unrealized loss on futures contracts (Note 7)	1,518
Unrealized loss on foreign currency forward contracts (Note 9)	351
Option contracts written	34
	<hr/>
Total liabilities	31,578
	<hr/>
Net assets	\$ 2,309,525

Analysis of net assets

Paid-in capital	\$ 1,815,302
Accumulated undistributed net investment income	843
Accumulated undistributed net realized gain from investments	327,164
Accumulated undistributed net realized gain from foreign currency transactions	13,984
Unrealized net appreciation of investments	152,127
Unrealized net appreciation on translation of assets and liabilities in foreign currencies	105
	<hr/>
Net assets	\$ 2,309,525

Unit data

Units outstanding	162,596,271
Net asset value, unit price	<hr/> <hr/> \$ 14.20

See accompanying notes to financial statements.

Total Return Fixed Income Pool

*****Schedule of Investments in Securities

June 30, 2012

(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	7.500 %	7.337 %	04/01/2034	16,575	\$ 16,857	\$ 20,706
California	7.550	6.884	04/01/2039	6,840	7,393	8,796
California	7.300	7.353	10/01/2039	2,155	2,141	2,675
California	7.630	7.196	03/01/2040	1,600	1,682	2,069
County of Carroll KY	0.240 A	1.095	10/01/2032	4,800	4,049	3,811
Illinois State	4.960	3.643	03/01/2016	7,550	7,889	8,124
Illinois State	5.370	5.365	03/01/2017	6,600	6,600	7,273
Illinois State	5.670	5.058	03/01/2018	4,275	4,400	4,734
Los Angeles Unified Sch Dist	6.760	6.026	07/01/2034	6,625	7,199	8,581
New Jersey Turnpike Authority	7.100	6.680	01/01/2041	6,015	6,321	8,480
Pennsylvania St Higher Ed Assn	0.280 A	0.624	05/01/2046	8,125	7,231	7,519
Pennsylvania St Higher Ed Assn	0.240 A	0.532	05/01/2046	2,750	2,480	2,544
Wake County Indl FACS-B-ARS	0.350 A	1.564	10/01/2022	6,700	5,905	5,290
Wake County Indl FACS-D-ARS	0.320 A	1.658	10/01/2022	3,350	2,922	2,644
Total Municipal Bonds - 4.0%					83,069	93,246
<u>U. S. Treasury Issues</u>						
United States Treasury	0.630	0.202	07/31/2012	14,795	14,800	14,801
United States Treasury	0.500	0.186	11/30/2012	12,000	12,016	12,016
United States Treasury	0.630	0.215	04/30/2013	15,300	15,352	15,350
United States Treasury	0.380	0.256	07/31/2013	13,000	13,017	13,016
United States Treasury	0.750	0.244	08/15/2013	27,000	27,153	27,144
United States Treasury	1.880	0.526	02/28/2014	1,370	1,401	1,405
United States Treasury	1.250	0.859	04/15/2014	30,000	30,208	30,490
United States Treasury	1.500	1.481	06/30/2016	580	580	601
United States Treasury	1.000	0.948	08/31/2016	4,140	4,149	4,205
United States Treasury	1.380	1.418	02/28/2019	5,160	5,146	5,269
United States Treasury	1.250	1.026	04/30/2019	53,300	54,084	53,891
United States Treasury	2.000	1.912	11/15/2021	59,340	59,786	61,524
United States Treasury	2.000	2.128	02/15/2022	1,200	1,187	1,240
United States Treasury *	2.000	1.808	01/15/2026	26,670	31,626	39,505
United States Treasury	4.380	3.583	05/15/2040	9,370	10,612	12,487
United States Treasury	4.380	4.263	05/15/2041	1,540	1,568	2,057
United States Treasury	3.130	3.123	11/15/2041	13,590	13,595	14,609
Total U. S. Treasury Issues - 13.4%					296,280	309,610
<u>U. S. Government Agency Issues</u>						
<i>U. S. Government Agency MBS (coupon, yield, and maturity date are weighted averages)</i>						
FHLMC Issues	5.774	2.899	02/21/2037	81,050	88,038	88,640
FNMA Issues	5.762	2.868	02/02/2032	227,904	246,891	252,077
<i>Total U. S. Government Agency MBS</i>					334,929	340,717
<i>U. S. Government Agency CMO</i>						
Federal Home Loan Mortgage	1.410 A	11.069	04/25/2020	4,119	276	285
Federal Home Loan Mortgage	1.840 A	10.267	06/25/2020	4,329	397	417
Federal Home Loan Mortgage	1.680 A	10.396	08/25/2020	38,193	3,030	3,240
Federal Home Loan Mortgage	1.050	0.000	03/15/2034	158	-	158
Federal Home Loan Mortgage	6.000	2.181	05/15/2036	720	829	843
Federal National Mortgage Assn	7.000	3.155	11/25/2040	16,808	18,650	19,028
Federal National Mortgage Assn	5.500	2.182	04/25/2042	2,700	3,020	3,053
Federal National Mortgage Assn	6.500	2.757	09/25/2042	50	55	58
Federal National Mortgage Assn	6.500	4.979	12/25/2042	2,221	2,435	2,581
Federal National Mortgage Assn	7.500	5.102	12/25/2045	2,461	2,774	2,873
<i>Total U.S. Government Agency CMO</i>					31,466	32,536
Total U.S. Government Agency Issues - 16.2%					366,395	373,253
<u>Corporate Issues</u>						
<i>Corporate Bonds</i>						
AES Corporation	8.000	8.000	06/01/2020	6,400	6,400	7,344
Ally Financial Inc	4.500	5.531	02/11/2014	17,420	17,145	17,660

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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
American Express Co	6.150	6.072	08/28/2017	1,250	1,254	1,481
American Express Co	6.800	6.550	09/01/2066	1,660	1,721	1,715
American International Group	4.250	4.448	09/15/2014	3,200	3,187	3,316
American International Group	5.850	5.922	01/16/2018	910	907	1,006
American International Group	8.250	5.087	08/15/2018	4,825	5,619	5,825
American International Group	6.400	6.435	12/15/2020	2,390	2,385	2,704
Amgen Inc	4.500	4.506	03/15/2020	1,290	1,290	1,419
Anadarko Finance Co	7.500	6.559	05/01/2031	1,240	1,365	1,561
Anadarko Petroleum Corp	6.380	6.073	09/15/2017	740	749	860
AOL Time Warner Inc	7.630	6.150	04/15/2031	4,500	5,233	5,812
AOL Time Warner Inc	7.700	5.911	05/01/2032	9,474	11,437	12,372
Asciano Finance	3.130	3.158	09/23/2015	4,890	4,885	4,867
ASIF Global Financing XIX	4.900	4.777	01/17/2013	510	510	515
AT&T Corp	8.000	6.053	11/15/2031	2,750	3,356	4,074
AT&T Inc	5.500	5.575	02/01/2018	5,076	5,058	6,032
AT&T Inc	6.550	5.509	02/15/2039	925	1,056	1,190
AT&T Inc	5.350	4.605	09/01/2040	5,000	5,585	5,738
BAC Capital Trust XI	6.630	7.267	05/23/2036	15,130	14,009	16,790
Bank of America Corp	4.880	1.532	09/15/2012	20	20	20
Bank of America Corp	6.500	6.500	08/01/2016	410	410	450
Bank of America Corp	5.420	3.544	03/15/2017	600	648	621
Bank of America Corp	7.630	5.211	06/01/2019	15,000	17,078	17,638
Bank of America Corp	5.630	5.979	07/01/2020	1,510	1,476	1,617
Bank of America Corp	5.000	5.091	05/13/2021	1,380	1,371	1,424
Barclays Bank PLC	6.750	5.134	05/22/2019	2,900	3,169	3,383
Barclays Bank PLC	5.130	4.729	01/08/2020	2,290	2,345	2,485
BNSF Railway Co 2007-1 P	6.000	4.731	04/01/2024	903	1,005	1,055
Boston Properties LP	5.880	5.323	10/15/2019	4,950	5,113	5,706
Boston Properties LP	5.630	4.370	11/15/2020	4,600	5,001	5,289
Boston Scientific Corp	6.400	4.792	06/15/2016	9,415	9,954	10,843
Boston Scientific Corp	6.000	6.466	01/15/2020	500	486	596
BP Capital Markets PLC	3.130	3.187	10/01/2015	3,010	3,004	3,200
Burlington NO SF 00-1 TR	8.250	3.785	01/15/2021	313	367	391
Burlington NO SF 06-2 TR	5.630	3.991	04/01/2024	436	481	506
Burlington North Santa Fe	4.700	4.757	10/01/2019	850	847	955
Burlington North Santa Fe	4.100	4.153	06/01/2021	7,075	7,047	7,760
Calpine Corp	7.880	7.875	01/15/2023	2,500	2,500	2,725
Canadia Pacific Railroad Co	5.750	5.922	01/15/2042	1,950	1,903	2,222
Capital One Financial Corp	6.750	4.405	09/15/2017	6,882	7,621	8,165
Capital One Financial Corp	4.750	4.838	07/15/2021	3,250	3,229	3,546
Chesapeake Energy Corp	0.000	0.552	12/02/2017	1,810	1,757	1,794
CIGNA Corporation	8.500	4.320	05/01/2019	3,399	4,231	4,386
CIGNA Corporation	7.650	6.814	03/01/2023	1,925	2,044	2,382
CIGNA Corporation	7.880	6.865	05/15/2027	1,545	1,689	1,927
CIGNA Corporation	6.150	5.839	11/15/2036	3,488	3,626	4,089
CIGNA Corporation	5.880	5.921	03/15/2041	1,135	1,128	1,292
Citigroup Inc	5.000	4.901	09/15/2014	6,750	6,764	6,919
Citigroup Inc	3.950	3.505	06/15/2016	2,160	2,195	2,213
Citigroup Inc	6.130	5.112	11/21/2017	15,745	16,484	17,444
Citigroup Inc	5.380	4.754	08/09/2020	1,610	1,677	1,740
Citigroup Inc	6.880	6.929	03/05/2038	3,460	3,438	4,232
Comcast Cable Communication	8.880	4.655	05/01/2017	2,615	3,087	3,379
Comcast Corp	6.500	4.573	01/15/2017	4,500	4,852	5,357
Comcast Corp	6.300	3.377	11/15/2017	2,700	3,085	3,246
Comcast Corp	5.880	3.492	02/15/2018	2,000	2,241	2,365
Comcast Corp	6.400	5.508	05/15/2038	2,600	2,918	3,169
Continental Airlines Inc	9.250	9.250	05/10/2017	1,071	1,071	1,168
Continental Airlines Inc	7.250	7.250	11/10/2019	5,257	5,257	5,927
Corp Bond Backed CTF-CCE	0.000	7.000	05/15/2098	5,000	3,339	3,650
Countrywide Financial Corp	6.250	7.951	05/15/2016	2,550	2,408	2,654
Cox Communications Inc	9.380	4.732	01/15/2019	11,495	14,462	15,390
Credit Agricole SA	8.380	8.375	12/13/2049	4,130	4,130	3,397
CVS Pass Through Trust	6.940	7.044	01/10/2030	1,918	1,918	2,272
Delta Air Lines	6.820	6.823	08/10/2022	2,052	2,052	2,201

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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Deutsche Telekom Int Fin	5.750	5.903	03/23/2016	1,635	1,627	1,833
Dow Chemical Company	8.550	5.415	05/15/2019	6,709	7,901	8,923
Dow Chemical Company	9.400	5.987	05/15/2039	7,240	10,515	11,529
El Paso Corporation	7.800	11.249	08/01/2031	469	339	526
El Paso Corporation	7.750	7.814	01/15/2032	222	221	250
ERP Operating-LP	4.630	4.504	12/15/2021	4,400	4,440	4,779
Export-Import Bank Korea	4.000	4.043	01/11/2017	6,675	6,663	7,121
Ford Motor Credit Company	5.630	5.307	09/15/2015	9,200	9,284	9,999
Ford Motor Credit Company	5.750	5.750	02/01/2021	10,300	10,300	11,315
General Electric Capital Corp	5.450	5.188	01/15/2013	570	571	585
General Electric Capital Corp	5.500	4.532	01/08/2020	7,755	8,226	8,876
General Electric Capital Corp	4.380	4.185	09/16/2020	3,550	3,597	3,841
General Electric Capital Corp	4.630	4.118	01/07/2021	2,550	2,642	2,805
General Electric Capital Corp	4.650	3.474	10/17/2021	2,000	2,185	2,221
General Electric Capital Corp	6.380	4.051	11/15/2067	4,910	4,847	5,113
Glitnir BankI HF	0.000 N	N/A	06/15/2016	5,000	6	6
Glitnir BankI HF	0.000 N	N/A	09/14/2049	600	1	1
Goldman Sachs Capital II	4.000	5.487	12/29/2049	3,960	3,022	2,681
Goldman Sachs Group Inc	6.150	6.141	04/01/2018	3,680	3,682	3,989
Goldman Sachs Group Inc	6.250	6.241	02/01/2041	2,810	2,810	2,930
Greenpoint Manufacture Housing	2.980 A	4.510	03/18/2029	1,025	830	833
Greenpoint Manufacture Housing	3.740 A	5.517	06/19/2029	500	400	400
Greenpoint Manufacture Housing	3.740 A	5.463	02/20/2030	525	420	418
Greenpoint Manufacture Housing	3.740 A	5.020	02/20/2032	850	713	646
Greenpoint Manufacture Housing	3.740 A	3.754	03/13/2032	1,125	943	904
Groupe BPCE	12.500	9.578	P	3,317	4,329	3,339
HCA Inc	6.300	5.640	10/01/2012	5,750	5,759	5,808
HCA Inc	6.250	6.252	02/15/2013	8,000	8,000	8,180
HCA Inc	6.750	5.618	07/15/2013	1,400	1,416	1,460
HCA Inc	5.750	5.633	03/15/2014	3,300	3,306	3,453
HCA Inc	6.380	3.610	01/15/2015	5,295	5,647	5,626
HCA Inc	6.500	5.853	02/15/2016	3,500	3,573	3,771
Health Net Inc	6.380	7.209	06/01/2017	2,850	2,753	2,914
Hewlett-Packard Company	3.300	3.346	12/09/2016	4,300	4,292	4,495
HSBC Finance Corp	6.380	6.462	11/27/2012	440	440	449
HSBC Finance Corp	6.680	7.080	01/15/2021	1,450	1,413	1,570
HSBC Holdings PLC	5.100	5.128	04/05/2021	3,125	3,119	3,489
HSBC Holdings PLC	6.500	6.137	05/02/2036	10,725	11,201	11,824
HSBC Holdings PLC	6.500	6.601	09/15/2037	490	484	544
Humana Inc	7.200	6.671	06/15/2018	2,030	2,082	2,439
Humana Inc	8.150	8.095	06/15/2038	730	734	988
ICICI Bank Limited	6.380	6.675	04/30/2022	1,994	1,784	1,775
ILFC E-Capital Trust II	6.250	3.423	12/21/2065	4,520	3,999	3,300
John Deere Capital Corp	5.350	5.235	04/03/2018	1,550	1,559	1,845
JP Morgan Chase & Co	5.750	5.268	01/02/2013	1,590	1,594	1,630
JP Morgan Chase & Co	5.130	5.030	09/15/2014	40	40	42
JP Morgan Chase & Co	5.150	5.330	10/01/2015	790	786	848
JP Morgan Chase & Co	4.950	4.276	03/25/2020	7,140	7,453	7,870
JP Morgan Chase & Co	4.350	3.935	08/15/2021	4,875	5,028	5,145
JP Morgan Chase XVII	5.850	6.301	08/01/2035	807	763	807
JPM Chase Capital XXV	6.800	6.684	10/01/2037	1,000	1,014	1,000
Kaupthing Bank HF	0.000 N	N/A	02/28/2015	7,930	1,963	2,022
Kerr-McGee Corporation	6.950	5.912	07/01/2024	490	533	606
Kerr-McGee Corporation	7.880	6.593	09/15/2031	1,665	1,895	2,159
Kinder Morgan Energy Partners	5.850	7.004	09/15/2012	150	150	151
Kinder Morgan Energy Partners	5.000	6.163	12/15/2013	940	925	986
Kinder Morgan Energy Partners	6.000	6.219	02/01/2017	1,610	1,596	1,859
KLA-Tencor Corporation	6.900	3.149	05/01/2018	4,900	5,872	5,853
Kroger Co	6.400	5.641	08/15/2017	220	227	263
Kroger Co	3.400	3.466	04/15/2022	1,600	1,591	1,599
Lafarge SA	6.200	4.489	07/09/2015	6,175	6,470	6,580
Lafarge SA	6.500	5.317	07/15/2016	7,250	7,557	7,830
Legg Mason Inc	5.500	5.682	05/21/2019	5,900	5,840	5,967
Lehman Bros CAP TR VII	0.000 N	N/A	07/19/2017	110	-	-

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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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Lehman Bros CAP TR VII	0.000 <i>N</i>	N/A	12/28/2017	8,860	-	-
Lehman Bros CAP TR VII	0.000 <i>N</i>	N/A	11/29/2049	4,430	-	-
Lloyds TSB Bank PLC	4.200	4.163	03/28/2017	5,675	5,684	5,854
Lloyds TSB Bank PLC	5.800	5.831	01/13/2020	2,145	2,141	2,293
Lorillard Tobacco Company	8.130	6.688	06/23/2019	2,680	2,892	3,326
Macys Retail Holdings Inc	6.650	7.294	07/15/2024	6,415	6,086	7,718
Macys Retail Holdings Inc	6.900	6.746	04/01/2029	3,000	3,046	3,548
Macys Retail Holdings Inc	6.700	6.501	07/15/2034	1,990	2,036	2,391
Macys Retail Holdings Inc	6.380	6.832	03/15/2037	4,100	3,877	4,844
Merrill Lynch & Company Inc	6.880	6.887	04/25/2018	8,890	8,885	9,947
MetLife Inc	6.400	7.089	12/15/2036	3,170	2,918	3,107
MMC Corporation Berhad	6.250	4.223	01/15/2018	4,775	5,248	5,743
Morgan Stanley	6.630	6.224	04/01/2018	360	367	376
National Semiconductor	6.600	5.898	06/15/2017	2,580	2,657	3,189
Newfield Exploration Company	6.630	5.817	04/15/2016	4,650	4,776	4,766
News America Inc	6.400	5.095	12/15/2035	2,260	2,661	2,606
News America Inc	6.650	5.993	11/15/2037	2,785	3,021	3,251
Nordea Bank AB	4.880	4.938	05/13/2021	2,980	2,967	2,904
Pacific Gas & Electric Corp	6.050	5.913	03/01/2034	870	884	1,096
Pacific Life Global Funding	5.150	5.161	04/15/2013	450	450	466
Pernod Ricard SA	2.950	2.890	01/15/2017	650	652	658
Pernod Ricard SA	4.450	4.213	01/15/2022	2,140	2,179	2,217
Petrobras Intl Fin Co	3.880	3.061	01/27/2016	1,050	1,079	1,084
Petrobras Intl Fin Co	5.380	4.230	01/27/2021	5,275	5,705	5,685
Rabobank Nederland	11.000	10.092	<i>P</i>	544	593	684
Reed Elsevier Capital	8.630	4.177	01/15/2019	6,550	8,200	8,310
Reynolds American Inc	6.750	6.619	06/15/2017	2,330	2,343	2,797
Reynolds Group Holdings	6.880	6.875	02/15/2021	1,360	1,360	1,414
Reynolds Group ISS/Reynold	7.130	6.778	04/15/2019	400	407	419
Royal Bank of Scotland Grp PLC	5.000	7.737	10/01/2014	3,960	3,740	3,975
Royal Bank of Scotland Grp PLC	7.640	7.640	<i>P</i>	1,200	1,200	798
Royal Bank of Scotland PLC	4.380	4.419	03/16/2016	3,225	3,220	3,305
Royal Bank of Scotland PLC	5.630	5.850	08/24/2020	6,000	5,913	6,367
Royal Bank of Scotland PLC	6.130	6.175	01/11/2021	5,325	5,308	5,916
Safeway Inc	3.950	4.684	08/15/2020	570	542	550
Seariver Maritime Inc	0.000	3.908	09/01/2012	3,180	3,160	3,162
Southern Natural Gas Co	5.900	5.897	04/01/2017	570	570	653
Springleaf Finance Corp	6.900	7.000	12/15/2017	720	717	575
Sprint Capital Corp	6.900	7.701	05/01/2019	1,145	1,097	1,076
Sprint Capital Corp	8.750	7.015	03/15/2032	680	805	619
Sprint Nextel Corporation	6.000	6.743	12/01/2016	8,075	7,847	7,732
State Street Corp	4.960	4.727	03/15/2018	1,980	2,002	2,120
Student Loan Marketing Assn	6.000	6.327	01/25/2017	5,775	5,701	5,966
Student Loan Marketing Assn	8.450	8.317	06/15/2018	5,225	5,256	5,852
Teachers Insurance & Annuity	6.850	6.860	12/16/2039	1,230	1,228	1,588
Telecom Italia Capital	5.250	5.095	11/15/2013	2,825	2,831	2,832
Telecom Italia Capital	6.170	8.076	06/18/2014	2,075	2,005	2,091
Telecom Italia Capital	7.000	5.598	06/04/2018	3,880	4,150	3,861
Telecom Italia Capital	7.170	7.026	06/18/2019	2,900	2,923	2,886
Tenet Healthcare Corporation	8.880	9.625	07/01/2019	250	241	281
Tennessee Gas Pipeline	7.500	4.308	04/01/2017	3,380	3,839	4,034
Time Warner Cable Inc	8.750	4.805	02/14/2019	9,990	12,197	13,282
Time Warner Cable Inc	8.250	4.876	04/01/2019	975	1,162	1,274
Time Warner Cable Inc	4.000	4.081	09/01/2021	5,685	5,650	5,974
Time Warner Cable Inc	5.500	5.558	09/01/2041	230	228	250
Time Warner Entertainment	8.380	8.068	07/15/2033	3,050	3,144	4,131
TNK-BP Finance SA	7.880	8.692	03/13/2018	2,820	2,718	3,225
Union Pacific Corp	4.160	4.011	07/15/2022	4,812	4,872	5,361
Union Pacific RR Co 07-3	6.180	4.877	01/02/2031	800	869	957
United Business Media LT	5.750	5.979	11/03/2020	3,330	3,281	3,427
UNP RR Co 1999 Pass Trust	7.600	3.775	01/02/2020	580	667	705
UNP RR Co 2005 Pass Trust	5.080	4.326	01/02/2029	4,198	4,377	4,719
Vale Overseas Ltd	6.880	6.914	11/21/2036	2,812	2,799	3,262
Vedanta Resources PLC	8.750	8.751	01/15/2014	952	952	984

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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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Verizon Communications	6.100	5.595	04/15/2018	1,710	1,752	2,083
Vulcan Materials	6.500	6.521	12/01/2016	2,850	2,848	3,000
Vulcan Materials	7.500	7.500	06/15/2021	2,925	2,925	3,218
Wachovia Capital Trust	5.570	5.635	12/29/2049	2,540	2,535	2,426
Wachovia Corp	5.630	6.046	10/15/2016	1,050	1,034	1,184
Wachovia Corp	5.750	4.262	02/01/2018	7,280	7,810	8,611
Wal-Mart Stores Inc	5.800	5.143	02/15/2018	610	629	752
WellPoint Inc	5.880	5.980	06/15/2017	260	259	307
WellPoint Inc	7.000	4.134	02/15/2019	6,250	7,277	7,760
Wells Fargo & Company	5.250	3.972	10/23/2012	140	141	142
Wells Fargo Capital X	5.950	6.338	12/15/2036	3,280	3,122	3,292
Xerox Corporation	6.400	4.485	03/15/2016	8,525	9,076	9,749
Xerox Corporation	6.350	3.960	05/15/2018	7,452	8,376	8,688
<i>Total Corporate Bonds</i>					705,563	754,176
<i>Corporate Asset Backed Issues</i>						
EDUCAP Student Loan Asset Back	1.790 A	11.416	06/25/2038	4,958	4,834	4,363
Education Funding Capital Trst	1.790 A	1.947	12/15/2042	900	767	860
Hertz Vehicle Financing LLC	5.290	5.350	03/25/2016	1,600	1,600	1,756
Lehman XZ Trust	0.470	13.625	04/25/2046	4,276	2,600	2,067
NC State Education Authority	1.370	1.855	07/25/2030	11,400	10,766	11,196
Nelnet Student Loan Trust	0.940 A	1.920	03/22/2032	10,700	9,617	8,667
Pegasus Aviation Lease Sec	8.370	16.049	03/25/2030	500	326	145
Public Service New Hampshire	6.480	5.468	05/01/2015	133	135	136
SLM Student Loan Trust	3.310 A	3.336	05/15/2017	8,790	8,789	8,815
<i>Total Corporate Asset Backed Issues</i>					39,434	38,005
<i>Corporate CMO</i>						
Banc of America Mortgage Sec	5.250 A	6.423	12/01/2034	3,064	2,933	2,834
Banc of America Mortgage Sec	3.130 A	3.433	04/25/2035	769	752	583
Bear Stearns Adj Rate Mortgage	2.480	4.098	12/25/2046	1,414	1,308	918
Countrywide Alternative Loan T	2.630 A	2.758	12/25/2035	1,808	1,797	1,112
Countrywide Home Loans	2.900 A	2.897	06/20/2036	981	980	614
Indymac Inda Mtg Loan Trust	5.560 A	5.522	09/25/2037	1,470	1,469	1,162
Indymac Indx Mtg Loan Trust	0.460	14.884	04/25/2046	1,814	983	1,009
IndyMac Residential Asset Sec	4.750	4.333	02/25/2019	2,056	2,067	2,086
JP Morgan Mortgage Trust	2.720 A	3.077	08/25/2035	1,396	1,373	1,066
MASTR ARM Trust	2.730 A	3.040	01/25/2036	951	934	751
MASTR Performing Loan Trust	7.000	6.338	08/25/2034	74	75	75
MLCC Mortgage Investors Inc	2.550 A	2.915	12/25/2034	31	31	31
Morgan Stanley Mortgage Loan	2.750 A	2.812	10/25/2034	1,220	1,214	1,023
Morgan Stanley Mortgage Loan	2.840 A	2.750	06/25/2037	4,019	4,029	1,717
WAMU Mortgage Pass-Through Cer	2.520 A	2.800	08/25/2035	1,336	1,315	1,162
WAMU Mortgage Pass-Through Cer	2.450 A	2.838	10/25/2035	375	373	359
WAMU Mortgage Pass-Through Cer	2.450 A	2.685	12/25/2035	1,637	1,613	1,394
Washington Mutual Mortgage	2.250 A	2.317	11/25/2036	175	174	124
Washington Mutual Mortgage	2.340 A	2.341	12/25/2036	662	661	454
Washington Mutual Mortgage	2.710 A	17.679	02/25/2037	568	316	414
Washington Mutual Mortgage	2.650 A	2.851	03/01/2037	189	187	118
Wells Fargo Mortgage Backed	2.620 A	6.538	12/25/2034	2,449	2,010	2,420
Wells Fargo Mortgage Backed	2.660 A	3.086	04/25/2036	214	213	163
<i>Total Corporate CMO</i>					26,807	21,589
<i>Corporate Preferred Securities</i>						
Citigroup Capital XIII	0.000	1.694		314	8,345	8,572
Total Corporate Issues - 35.6%					780,149	822,342
Foreign Government Bonds						
Mex Bonos Desarr Fix Rt - 0.3%	6.5	6.083	06/09/2022	78,200	5,864	6,293

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See accompanying notes to financial statements.

Total Return Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Investments in Other Funds						
Western Asset High Yield Portfolio					50,760	45,269
Investment Objective - To maximize total return by investing in fixed income securities 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						
Western Asset Opportunistic US Dollar High Yield Securities Portfolio, LLC					23,197	25,871
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						
Western Asset Opportunistic International Investment Grade Securities Portfolio, LLC					41,976	48,688
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						
Western Asset Floating Rate High Income Fund, LLC					62,180	84,045
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						
Western Asset US Enhanced Cash, LLC					38,085	41,746
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						
Western Asset Opportunistic Asian Securities Portfolio, LLC					43,343	53,056
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						
Western Asset Non-U.S. Inflation Linked Securities Portfolio, LLC					4,909	5,032
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						
Western Asset Emerging Markets Local Debt Portfolio, LLC					23,724	33,089
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						
Western Asset Opportunistic Structured Securities Portfolio, LLC					49,543	70,670
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						

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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, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Western Asset Emerging Markets Corporate Credit Portfolio, LLC					22,282	34,402
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						
Total Investments in Other Funds - 19.1%					359,999	441,868
Short-term Issues						
Dreyfus Cash Management Institutional Fund - 8.0%				184,078,904	184,079	184,079
Option Contracts Purchased						
<i>Call, strike price, expiration</i>						
US Treasury 10Yr Note Option, 133, August 2012 - 0.0%				1	356	728
Total Investment Securities - 96.6%					<u>\$ 2,076,191</u>	<u>\$ 2,231,419</u>
Collateral for Securities Loaned						
BNY Mellon Securities Lending Overnight Fund					\$ 2,386	\$ 2,386
Mellon SL DBT II Liquidating Fund					22	21
Mellon GSL DBT II Liquidating Trust					1,615	-
Total Collateral for Securities Loaned					<u>\$ 4,023</u>	<u>\$ 2,407</u>

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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, 2012

(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	US Treasury 10 Yr Note Option	8/24/2012	136.000	(181)	\$ (90)	\$ (34)
Total Option Contracts Written - (0.0%)					<u>\$ (90)</u>	<u>\$ (34)</u>

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Interest	\$ 78,641
Dividends	3,995
Net amortization	(11,945)
Securities lending income	184
Securities lending borrower premiums	53
Net shareholder litigation proceeds	14

Total investment income 70,942

Expenses

Investment advisor fees	(4,293)
Trustee fees	(7)
Custodian bank fees	(67)
Management fees	(713)
Fiduciary bond fees	(8)
Professional service fees	(130)
Securities lending agent fees	(43)
Futures commission expense	(155)

Total expenses (5,416)

Investment income, net 65,526

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

Net realized loss from:	
Investments	(8,901)
Foreign currency transactions	(385)
Net increase in the fair value of:	
Investments	43,078
Translation of assets and liabilities in foreign currencies	45

Net gain from investments and foreign currency 33,837

Net increase in net assets from operations \$ 99,363

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 65,526
Net realized loss from investments	(8,901)
Net realized loss from foreign currency transactions	(385)
Net increase in the fair value of investments	43,078
Net increase in the translation of assets and liabilities in foreign currencies	45

Net increase in net assets from operations 99,363

Distributions to unitholders

Investment income, net	(65,332)
------------------------	----------

Unit transactions

Proceeds from sale of units	223,082
Reinvestment of distributions	66,399
	289,481
Amount paid for repurchase of units	(347,903)

Net decrease in net assets from unit transactions (58,422)

Decrease in net assets (24,391)

Net assets, beginning of period 2,333,916

Net assets, end of period \$ 2,309,525

Unit data

Units sold	15,903,453
Units issued from reinvestment of distributions	4,754,197
	20,657,650
Units repurchased	(24,952,616)

Net decrease in units (4,294,966)

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.

Total Return Fixed Income Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2012.

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, 2012.

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Agency collateralized mortgage obligations	Aaa	AA+	\$ 32,536	1.5%
Agency mortgage backed securities	Aaa	AA+	340,717	15.3
Corporate asset backed securities	Aa2	AA-	38,005	1.7
Corporate bonds and notes	Baa2	BBB	754,176	33.7
Corporate collateralized mortgage obligations	B	B	21,589	1.0
Corporate preferred securities	Ba2	BB	8,572	0.4
Foreign government bonds	Baa1	A-	6,293	0.3
Municipal bonds	A1	A	93,246	4.2
Regulated investment companies	Aaa	AAA	184,079	8.2
U. S. Treasury bonds and notes	Aaa	AA+	309,610	13.9
Total rated investments			<u>\$ 1,788,823</u>	<u>80.2%</u>

Unrated securities include commingled investment pools valued at \$441,868 and option contracts purchased valued at \$728. These unrated securities represent 19.8 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, 2012, 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, 2012, 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, 2012.

Security Type	Fair Value	Modified Duration (years)
Agency collateralized mortgage obligations	\$ 32,536	3.4
Agency mortgage backed securities	340,717	8.5
Commingled investment pools	441,868	2.7
Corporate asset backed securities	38,005	8.0
Corporate bonds and notes	754,176	6.4
Corporate collateralized mortgage obligations	21,589	4.8
Foreign government bonds	6,293	7.5
Municipal bonds	93,246	13.1
Regulated investment companies	184,079	0.0
U. S. Treasury bonds and notes	309,610	6.7
Total assets	<u>\$ 2,222,119</u>	<u>5.8</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, 2012, the Pool held \$432,847 of these securities. This represents approximately 20 percent of the value of the Pool's securities.

Foreign Currency Risk

Of the notes, bonds, asset backed securities, mortgage backed securities, collateralized mortgage obligations and money market fund held by the Pool, only the foreign government bond denominated in Mexican Peso is exposed to foreign currency risk. The market value of this bond is \$6,293, which represents less than 1 percent of the value of the Pool's securities. The Pool also has 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 \$138,355, or 31 percent, of the commingled investment pools hold substantially all of their investments in foreign currencies. This represents approximately 6 percent of the value of the Pool's securities. 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, 2012 the IMB was in compliance with this limitation.

NOTE 4. 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, 2012:

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	\$ 728	Option contracts written	\$ (34)
Fixed Income / Interest rate contracts	Unrealized gain on futures contracts	118	Unrealized loss on futures contracts	(1,518)
Foreign exchange contracts	Unrealized gain on foreign currency forward contracts	291	Unrealized loss on foreign currency forward contracts	(351)
Total		<u>\$ 1,137</u>		<u>\$ (1,903)</u>

Total Return Fixed Income Pool

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

NOTE 4. 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, 2012:

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	\$ (42,979)	Net increase in the fair value of investments	\$ 6,994
Foreign exchange contracts	Net realized loss from foreign currency transactions	(199)	Net increase in the fair value of translation of assets and liabilities in foreign currencies	211
Total		<u>\$ (43,178)</u>		<u>\$ 7,205</u>

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.

Total Return Fixed Income Pool

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

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2012:

Assets	Level 1	Level 2	Level 3	Total
Agency collateralized mortgage obligations	\$ -	\$ 32,536	\$ -	\$ 32,536
Agency mortgage backed securities	-	340,717	-	340,717
Commingled funds	-	441,868	-	441,868
Corporate asset backed securities	-	38,005	-	38,005
Corporate bonds and notes	-	754,176	-	754,176
Corporate collateralized mortgage obligations	-	21,589	-	21,589
Foreign currency forward contracts	-	291	-	291
Foreign government bonds	-	6,293	-	6,293
Futures	118	-	-	118
Municipal bonds	-	93,246	-	93,246
Options	728	-	-	728
Preferred securities	8,572	-	-	8,572
Regulated investment companies	-	184,079	-	184,079
Securities lending collateral funds	-	2,407	-	2,407
U.S. Treasury bonds and notes	-	309,610	-	309,610
Total	<u>\$ 9,418</u>	<u>\$ 2,224,817</u>	<u>\$ -</u>	<u>\$ 2,234,235</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (351)	\$ -	\$ (351)
Futures	(1,518)	-	-	(1,518)
Options	(34)	-	-	(34)
Total	<u>\$ (1,552)</u>	<u>\$ (351)</u>	<u>\$ -</u>	<u>\$ (1,903)</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 266,126		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	<u>\$ 4,023</u>	<u>\$ 2,407</u>	<u>\$ (1,616)</u>
Non-cash		267,586	
Total		<u>\$ 269,993</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, 2012 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.

Total Return Fixed Income Pool

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

NOTE 6. SECURITIES LENDING (continued)

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 2012, the pool has recorded, but not distributed \$843 of net securities lending income.

NOTE 7. FUTURES CONTRACTS

At June 30, 2012, open positions in futures contracts denominated in U.S. dollars were as follows:

Expiration	Open Contracts		Position	Value at June 30, 2012	Value Upon Entering Contract	Unrealized Gain (Loss)
Sep 2012	40	US Ultra Bond Future	Long	\$ 6,674	\$ 6,563	\$ 111
Sep 2012	(452)	US Long Bond Future	Short	(66,882)	(66,443)	(439)
Sep 2012	(2,017)	US Treasury 10 Yr Note Future	Short	(538,035)	(537,109)	(926)
Sep 2012	(163)	US Treasury 2 Yr Note Future	Short	(35,891)	(35,898)	7
Sep 2012	(693)	US Treasury 5 Yr Note Future	Short	(85,910)	(85,757)	(153)
				<u>\$ (720,044)</u>	<u>\$ (718,644)</u>	<u>\$ (1,400)</u>

At June 30, 2012, the Pool had pledged cash of \$6,055 and securities of \$3,660 to cover margin requirements on open futures contracts.

NOTE 8. OPTION CONTRACTS

A summary of the activity in short (written) option positions for the period ended June 30, 2012 is as follows:

	Puts		Calls	
	Number of Contracts	Premiums (Received)/Paid	Number of Contracts	Premiums (Received)/Paid
Options outstanding at June 30, 2011	(2,344)	\$ (4,118)	(1,685)	\$ (3,307)
Options written	(2,012)	(615)	(1,654)	(1,136)
Options closed	2,892	4,509	2,963	4,260
Options expired	1,464	224	195	93
Options outstanding at June 30, 2012	-	\$ -	(181)	\$ (90)

NOTE 9. FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2012, 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	Mexican Peso ^a	05/02/2012	08/16/2012	133,952	\$ 9,929		\$ 10,280	\$ (351)
Short	Euro Currency ^b	05/08/2012	08/16/2012		6,280	4,829	6,131	149
Short	Euro Currency ^c	05/08/2012	08/16/2012		5,423	4,160	5,281	142
					<u>\$ 21,632</u>		<u>\$ 21,692</u>	<u>\$ (60)</u>

Counterparty, Moody's Rating, S&P Rating

a - Morgan Stanley, Baa1, A-

b - Citigroup Inc, Baa2, A-

c - BNY Mellon, Aa3, A+

Total Return Fixed Income Pool

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

NOTE 10. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$	13.98
Income from investment operations:		
Net investment income		0.40
Net realized and unrealized gain on investment transactions		0.22
Total from investment operations		0.62
Less distributions from net investment income		(0.40)
Net asset value at June 30, 2012	\$	14.20

Time-weighted Total Return * 4.5%

Supplemental Data:

Net assets, end of period	\$	2,309,525
Ratio to average net assets:		
Expenses **		0.23%
Net investment income **		2.84%
Portfolio turnover rate		52.23%

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

** All ratios are for the fiscal year

NOTE 11. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2012. 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.

Participant	Account Value
Teachers' Retirement System	\$ 630,620
Public Employees' Retirement System	610,968
Workers' Compensation Old Fund	370,417
Revenue Shortfall Reserve Fund - Part B	140,306
Revenue Shortfall Reserve Fund	136,333
West Virginia Retiree Health Benefit Trust	101,163
Coal Workers' Pneumoconiosis Fund	75,557
Public Employees Insurance Agency	71,384
State Police Death, Disability and Retirement Fund	68,131
Board of Risk and Insurance Management	40,518
Judges' Retirement System	17,901
Deputy Sheriff's Retirement System	16,635
State Police Retirement System	11,146
Wildlife Endowment Fund	5,767
Emergency Medical Services Retirement System	5,099
Workers' Compensation Self-Insured Guaranty Risk Pool	3,203
Workers' Compensation Uninsured Employers' Fund	2,379
West Virginia Department of Environmental Protection Trust	1,104
AccessWV	869
Municipal Police Officers' and Firefighters' Retirement System	25
Total	\$ 2,309,525

Total Return Fixed Income Pool

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

NOTE 12. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Core Fixed Income Pool

Core Fixed Income Pool

Audited Financial Statements June 30, 2012

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KPMG LLP
BNY Mellon Center
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Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Core Fixed Income Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Core Fixed Income Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,201,301
Collateral for securities loaned at fair value (Note 5)	25,305
Receivables:	
Accrued interest	8,219
Investments sold	657
Securities lending income	6
	<hr/>
Total assets	1,235,488

Liabilities

Accrued expenses	247
Dividends payable	3,146
Payable for investments purchased	3,575
Payable upon return of securities loaned (Note 5)	25,314
	<hr/>
Total liabilities	32,282
	<hr/>
Net assets	\$ 1,203,206

Analysis of net assets

Paid-in capital	\$ 1,049,381
Accumulated undistributed net realized gain from investments	66,401
Unrealized net appreciation of investments	87,424
	<hr/>
Net assets	\$ 1,203,206

Unit data

Units outstanding	106,026,287
Net asset value, unit price	\$ 11.35

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities

June 30, 2012

(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	\$ 776
Illinois	5.100	5.763	06/01/2033	350	322	331
New York St Dorm Authority	5.600	5.787	03/15/2040	260	253	330
Ohio State University	4.800	4.853	06/01/2111	761	753	842
Port Authority NY and NJ	5.650	5.647	11/01/2040	600	600	733
Tennessee Valley Authority	0.000	3.210	11/01/2025	1,000	654	669
Tennessee Valley Authority	5.880	3.791	04/01/2036	350	464	487
Tennessee Valley Authority	5.250	5.275	09/15/2039	98	98	128
Tennessee Valley Authority	4.630	4.693	09/15/2060	400	395	485
Total Municipal Bonds - 0.4%					4,133	4,781
<u>U. S. Treasury Issues</u>						
United States Treasury	0.000	1.446	11/15/2014	2,550	2,464	2,527
United States Treasury	11.250	0.514	02/15/2015	900	1,151	1,154
United States Treasury	4.000	0.529	02/15/2015	1,000	1,090	1,094
United States Treasury	0.000	2.704	02/15/2015	150	140	148
United States Treasury	4.500	0.549	02/15/2016	2,000	2,283	2,285
United States Treasury	2.630	2.861	02/29/2016	200	198	215
United States Treasury	2.630	1.977	04/30/2016	1,670	1,709	1,800
United States Treasury	0.000	0.628	05/15/2016	500	488	488
United States Treasury	0.000	3.087	08/15/2016	5,300	4,670	5,153
United States Treasury	3.130	3.241	10/31/2016	9,300	9,257	10,282
United States Treasury	0.000	2.257	11/15/2016	3,120	2,828	3,021
United States Treasury	3.250	3.132	12/31/2016	10,560	10,611	11,761
United States Treasury	4.630	3.056	02/15/2017	6,500	6,936	7,658
United States Treasury	0.000	3.275	02/15/2017	6,122	5,267	5,910
United States Treasury	3.250	2.910	03/31/2017	11,600	11,773	12,966
United States Treasury	3.130	2.432	04/30/2017	6,715	6,926	7,477
United States Treasury	2.750	2.381	05/31/2017	2,280	2,319	2,501
United States Treasury	8.880	3.186	08/15/2017	9,360	11,857	13,171
United States Treasury	4.750	2.706	08/15/2017	18,645	20,452	22,367
United States Treasury	0.000	2.162	08/15/2017	500	448	479
United States Treasury	4.250	1.181	11/15/2017	600	696	708
United States Treasury	0.000	3.493	11/15/2017	7,050	5,853	6,725
United States Treasury	2.750	2.731	12/31/2017	15,000	15,014	16,529
United States Treasury	2.630	2.849	01/31/2018	6,000	5,931	6,576
United States Treasury	3.500	2.488	02/15/2018	1,000	1,053	1,144
United States Treasury	0.000	3.537	02/15/2018	3,950	3,244	3,749
United States Treasury	0.000	3.743	08/15/2018	500	398	470
United States Treasury	1.750	1.519	10/31/2018	11,000	11,153	11,510
United States Treasury	1.380	1.286	11/30/2018	9,895	9,949	10,121
United States Treasury	3.130	3.136	05/15/2019	2,090	2,088	2,375
United States Treasury	0.000	4.013	05/15/2019	4,550	3,463	4,202
United States Treasury	0.000	4.021	08/15/2019	300	226	275
United States Treasury	3.380	1.596	11/15/2019	400	449	463
United States Treasury	8.500	3.516	02/15/2020	1,750	2,329	2,682
United States Treasury	0.000	4.006	05/15/2020	4,500	3,293	4,053
United States Treasury	8.750	2.660	05/15/2020	1,400	1,999	2,190
United States Treasury	0.000	2.982	05/15/2020	18,037	14,267	16,169
United States Treasury	8.750	3.033	08/15/2020	8,550	12,031	13,485
United States Treasury	2.630	1.762	08/15/2020	1,300	1,384	1,431
United States Treasury	0.000	3.412	08/15/2020	8,550	6,491	7,609
United States Treasury	0.000	3.774	11/15/2020	700	511	618
United States Treasury	0.000	4.230	02/15/2021	200	139	175
United States Treasury	8.130	3.524	05/15/2021	1,000	1,348	1,560
United States Treasury	0.000	1.842	05/15/2021	2,100	1,785	1,820
United States Treasury	0.000	3.501	11/15/2021	5,000	3,612	4,262
United States Treasury	0.000	3.851	02/15/2022	1,250	866	1,057
United States Treasury	7.130	3.585	02/15/2023	1,000	1,310	1,529
United States Treasury	0.000	2.453	05/15/2023	900	690	726
United States Treasury	0.000	4.526	05/15/2024	1,100	647	854
United States Treasury	0.000	4.240	08/15/2024	1,100	661	845
United States Treasury	0.000	6.392	11/15/2024	250	138	190

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
United States Treasury	0.000	6.934	02/15/2025	700	367	527
United States Treasury	6.000	4.435	02/15/2026	400	463	586
United States Treasury	0.000	2.772	02/15/2026	300	206	217
United States Treasury	0.000	4.862	05/15/2026	850	437	610
United States Treasury	6.750	4.073	08/15/2026	625	803	980
United States Treasury	0.000	2.801	08/15/2026	350	236	249
United States Treasury	6.500	4.024	11/15/2026	550	697	848
United States Treasury	0.000	4.130	11/15/2026	5,500	3,052	3,868
United States Treasury	6.630	3.506	02/15/2027	1,000	1,352	1,563
United States Treasury	0.000	3.193	02/15/2027	16,825	10,555	11,725
United States Treasury	6.380	4.079	08/15/2027	400	503	616
United States Treasury	0.000	4.707	08/15/2027	950	470	650
United States Treasury	6.130	4.343	11/15/2027	150	180	227
United States Treasury	0.000	4.358	11/15/2027	1,500	773	1,017
United States Treasury	0.000	4.552	02/15/2028	2,050	1,015	1,378
United States Treasury	0.000	4.851	05/15/2028	100	47	67
United States Treasury	5.500	4.534	08/15/2028	1,050	1,165	1,512
United States Treasury	0.000	4.822	11/15/2028	2,000	917	1,312
United States Treasury	0.000	4.655	02/15/2029	300	140	195
United States Treasury	0.000	4.554	05/15/2029	150	70	97
United States Treasury	6.130	2.572	08/15/2029	100	149	154
United States Treasury	0.000	3.206	08/15/2029	800	464	512
United States Treasury	0.000	4.399	11/15/2029	700	329	444
United States Treasury	0.000	4.598	02/15/2030	1,100	494	692
United States Treasury	6.250	4.023	05/15/2030	600	769	947
United States Treasury	0.000	3.768	05/15/2030	400	205	250
United States Treasury	0.000	4.619	08/15/2030	900	393	557
United States Treasury	0.000	4.447	11/15/2030	950	423	583
United States Treasury	5.380	4.031	02/15/2031	1,300	1,524	1,894
United States Treasury	0.000	4.919	11/15/2032	1,450	724	827
United States Treasury	0.000	6.998	05/15/2033	1,200	488	672
United States Treasury	0.000	7.445	08/15/2033	700	272	388
United States Treasury	0.000	7.666	11/15/2033	1,000	379	550
United States Treasury	0.000	4.533	02/15/2034	750	285	408
United States Treasury	0.000	7.942	05/15/2034	500	183	270
United States Treasury	0.000	4.755	08/15/2034	450	219	241
United States Treasury	0.000	3.166	02/15/2035	400	197	210
United States Treasury	4.500	3.144	02/15/2036	1,700	2,080	2,283
United States Treasury	0.000	4.591	05/15/2036	200	68	101
Total U. S. Treasury Issues - 23.2%					248,978	278,786
U. S. Government Agency Issues						
<i>U. S. Government Agency MBS (coupon, yield, and maturity date are weighted averages)</i>						
FHLMC Issues	4.986	2.862	09/12/2033	47,632	50,675	51,909
FNMA Issues	4.626	3.179	09/09/2025	106,690	111,489	117,679
GNMA Issues	6.649	4.265	01/01/2036	2,999	3,238	3,446
<i>Total U. S. Government Agency MBS</i>					165,402	173,034
<i>U. S. Government Agency CMO (coupon, yield, and maturity date are weighted averages)</i>						
FDIC Issues	2.980	3.027	12/06/2020	1,184	1,182	1,227
FHLMC Issues	5.975	5.048	12/08/2033	121,045	92,428	98,611
FNMA Issues	5.754	5.367	05/19/2033	160,401	125,721	135,199
GNMA Issues	8.051	14.796	09/16/2034	73,537	26,464	33,447
<i>Total U. S. Government Agency CMO</i>					245,795	268,484
<i>U. S. Government Agency Bonds</i>						
FannieMae STRIPS	0.000	5.737	11/15/2021	1,000	650	804
Federal Farm Credit Bank	5.130	3.384	11/15/2018	1,000	1,099	1,220
Federal Home Loan Mortgage	5.500	3.324	08/23/2017	2,900	3,196	3,553
Federal National Mortgage Assn	0.000	2.342	07/05/2014	2,300	2,197	2,259
Federal National Mortgage Assn	5.000	2.195	05/11/2017	3,000	3,386	3,573
Federal National Mortgage Assn	5.380	3.276	06/12/2017	2,000	2,190	2,423
FICO	0.000	5.655	09/26/2019	700	497	616

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
RFCO Strip Principal	0.000	2.607	07/15/2020	2,700	2,232	2,353
<i>Total U. S. Government Agency Bonds</i>					15,447	16,801
Total U. S. Government Agency Issues - 38.1%					426,644	458,319
Corporate Issues						
<i>Corporate Bonds</i>						
ABB Finance USA Inc	1.630	1.772	05/08/2017	81	80	81
ABB Finance USA Inc	2.880	3.129	05/08/2022	117	114	118
ABB Finance USA Inc	4.380	4.568	05/08/2042	58	56	62
Ace Ina Hldg Inc	5.880	3.570	06/15/2014	240	250	262
Ace Ina Hldg Inc	5.600	2.613	05/15/2015	430	465	481
ADT Corp	3.500	3.528	07/15/2022	105	105	105
Aetna Inc	6.750	4.720	12/15/2037	390	507	510
Aetna Inc	4.500	4.766	05/15/2042	71	68	72
AFLAC Inc	8.500	5.066	05/15/2019	100	120	131
AFLAC Inc	6.450	6.488	08/15/2040	108	107	125
African Development Bank	8.800	3.096	09/01/2019	1,000	1,364	1,358
AGL Capital Corporation	4.450	2.753	04/15/2013	260	263	267
AGL Capital Corporation	5.250	4.315	08/15/2019	400	422	463
AGL Capital Corporation	3.500	3.683	09/15/2021	353	348	364
AGL Capital Corporation	5.880	5.887	03/15/2041	120	120	153
Aid-Israel	0.000	2.110	08/15/2017	1,000	898	938
Aid-Israel	0.000	1.950	03/15/2018	5,000	4,476	4,627
AIG Sunamer Global Fin X	6.900	6.417	03/15/2032	110	116	133
Alabama Power Co	6.130	5.106	05/15/2038	128	147	170
Alberta Energy Company Ltd	8.130	5.675	09/15/2030	200	255	258
Allstate Corp	5.000	3.585	08/15/2014	470	483	508
Allstate Life Global Fn Trust	5.380	1.804	04/30/2013	300	309	312
American Airlines PT TRS 11-1	5.250	5.250	01/31/2021	115	115	119
American Airlines PT TRS 11-2	8.630	8.624	10/15/2021	122	122	128
American Express Co	7.000	4.743	03/19/2018	595	661	736
American Express Credit Co	5.880	2.100	05/02/2013	20	21	21
American Express Credit Co	7.300	4.692	08/20/2013	600	617	641
American Express Credit Co	5.130	3.529	08/25/2014	845	873	913
American Express Credit Co	2.800	2.818	09/19/2016	340	340	355
American Honda Finance	2.600	2.601	09/20/2016	410	410	424
American Honda Finance	7.630	4.560	10/01/2018	500	582	640
American Water Cap Corp	6.090	3.499	10/15/2017	300	337	351
American Water Cap Corp	6.590	5.338	10/15/2037	300	352	373
Ameritech Capital Funding	6.450	5.178	01/15/2018	70	74	80
Amgen Inc	6.150	3.425	06/01/2018	285	326	342
Amgen Inc	5.700	5.035	02/01/2019	210	218	247
Amgen Inc	3.450	3.826	10/01/2020	610	594	632
Amgen Inc	4.950	5.002	10/01/2041	200	198	204
Amgen Inc	5.650	5.684	06/15/2042	103	102	115
Anadarko Finance Co	7.500	5.295	05/01/2031	400	504	504
Anadarko Petroleum Corp	7.630	3.498	03/15/2014	130	139	143
Anadarko Petroleum Corp	8.700	8.260	03/15/2019	300	306	392
Anadarko Petroleum Corp	6.950	5.873	06/15/2019	285	302	349
Anheuser-Busch	1.500	1.501	07/14/2014	264	264	268
Anheuser-Busch	7.750	5.152	01/15/2019	580	662	766
Anheuser-Busch	8.200	5.072	01/15/2039	255	371	405
ANR Pipeline	9.630	5.447	11/01/2021	240	313	360
Aon Corporation	3.500	3.605	09/30/2015	121	121	126
Apache Corporation	6.000	1.594	09/15/2013	480	505	510
Apache Corporation	4.750	4.767	04/15/2043	153	153	170
Appalachian Power Company	5.950	6.624	05/15/2033	250	231	279
Arizona Public Service	4.500	4.557	04/01/2042	103	102	106
Arrow Electronics Inc	6.880	6.098	07/01/2013	175	176	185
Arrow Electronics Inc	3.380	2.440	11/01/2015	140	144	145
Arrow Electronics Inc	6.880	5.965	06/01/2018	235	246	273
Arrow Electronics Inc	7.500	6.484	01/15/2027	225	246	260
ASIF Global Financing XIX	4.900	1.745	01/17/2013	907	922	915
Associates Corp NA	6.950	9.379	11/01/2018	350	310	395

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
AT&T Corp	8.000	6.187	11/15/2031	41	49	61
AT&T Inc	5.500	4.564	02/01/2018	370	387	440
AT&T Inc	5.600	5.167	05/15/2018	565	577	676
AT&T Inc	5.800	3.067	02/15/2019	200	233	244
AT&T Inc	4.450	4.232	05/15/2021	500	508	566
AT&T Inc	6.300	6.622	01/15/2038	600	575	747
AT&T Inc	5.350	5.341	09/01/2040	1,374	1,376	1,577
Atmos Energy Corp	6.350	2.859	06/15/2017	875	1,015	1,039
Atmos Energy Corp	8.500	8.529	03/15/2019	150	150	201
AUST & NZ Banking Group	3.250	3.339	03/01/2016	200	199	207
BAE Systems Holdings Inc	5.200	2.802	08/15/2015	195	209	212
BAE Systems Holdings Inc	6.380	3.389	06/01/2019	255	302	298
Bank of America Corp	4.900	3.276	05/01/2013	500	507	511
Bank of America Corp	7.380	7.510	05/15/2014	600	599	645
Bank of America Corp	5.130	8.762	11/15/2014	300	277	313
Bank of America Corp	6.500	6.545	08/01/2016	500	499	549
Bank of America Corp	5.630	5.039	10/14/2016	250	256	266
Bank of America Corp	5.650	5.545	05/01/2018	2,100	2,111	2,246
Bank of America Corp	5.630	5.431	07/01/2020	190	192	203
Bank of America Corp	5.000	4.730	05/13/2021	775	790	800
Bank of Nova Scotia	3.400	3.428	01/22/2015	127	127	134
Bank of Nova Scotia	1.650	1.686	10/29/2015	345	345	353
Bank of Nova Scotia	4.380	4.395	01/13/2021	214	214	241
Bank Tokyo - Mitsubishi UFJ	3.850	3.859	01/22/2015	356	356	376
Barclays Bank PLC	5.200	5.227	07/10/2014	400	400	421
Barclays Bank PLC	6.750	5.145	05/22/2019	950	1,037	1,108
Barclays Bank PLC	5.130	5.231	01/08/2020	500	497	543
Barclays PLC	2.250	2.352	05/10/2017	203	202	203
Barrick NA Finance LLC	4.400	3.338	05/30/2021	208	225	224
BB&T Corporation	5.700	1.547	04/30/2014	340	365	369
BB&T Corporation	3.200	2.245	03/15/2016	365	377	386
BB&T Corporation	4.900	5.999	06/30/2017	800	763	878
BB&T Corporation	6.850	7.048	04/30/2019	225	223	284
BellSouth Corporation	5.200	4.342	09/15/2014	300	305	326
BellSouth Corporation	6.000	5.368	11/15/2034	149	161	166
Berkshire Hathaway Fin	4.600	4.335	05/15/2013	100	100	103
Berkshire Hathaway Fin	5.100	1.733	07/15/2014	600	640	653
Berkshire Hathaway Fin	2.450	2.497	12/15/2015	477	476	498
Berkshire Hathaway Fin	5.400	3.505	05/15/2018	300	330	354
Berkshire Hathaway Inc	1.900	1.901	01/31/2017	190	190	194
BG Energy Capital PLC	5.130	5.239	10/15/2041	200	197	221
BHP Billiton Financial USA	5.500	5.577	04/01/2014	200	200	217
BHP Billiton Financial USA	6.500	4.225	04/01/2019	720	815	917
BlackRock Inc	6.250	4.677	09/15/2017	500	536	605
BlackRock Inc	3.380	3.438	06/01/2022	360	358	365
Blackstone Holdings Financial	5.880	5.938	03/15/2021	550	548	574
BNY Mellon	4.500	2.783	04/01/2013	305	309	314
BNY Mellon	5.130	3.868	08/27/2013	350	355	368
BNY Mellon	2.950	2.978	06/18/2015	500	500	527
BNY Mellon	4.600	4.625	01/15/2020	115	115	130
Boeing Company	5.130	4.019	02/15/2013	100	101	103
Boeing Company	4.880	4.664	02/15/2020	230	233	276
Boeing Company	6.130	5.181	02/15/2033	150	168	196
Boston Gas Company	4.490	4.487	02/15/2042	85	85	90
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	744	782
BP Capital Markets PLC	3.250	3.245	05/06/2022	377	377	390
British Telecom PLC	5.950	5.942	01/15/2018	275	275	322
British Telecom PLC	9.630 A	6.540	12/15/2030	145	193	218
Bunge Limited Finance Co	5.880	6.484	05/15/2013	50	50	52
Bunge Limited Finance Co	8.500	7.220	06/15/2019	373	398	466
Bunge NA Finance LP	5.900	7.617	04/01/2017	54	50	60
Burlington North Santa Fe	5.900	4.746	07/01/2012	150	150	150
Burlington North Santa Fe	5.650	4.368	05/01/2017	225	237	264
Burlington North Santa Fe	4.700	4.722	10/01/2019	350	350	393

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Burlington North Santa Fe	3.450	3.479	09/15/2021	106	106	111
Burlington North Santa Fe	7.290	6.510	06/01/2036	80	88	106
Burlington Resources Inc	8.200	4.182	03/15/2025	180	251	257
Cameron International Corp	1.600	1.615	04/30/2015	79	79	79
Canadian Natural Resources Ltd	5.700	3.408	05/15/2017	300	331	351
Canadian Natural Resources Ltd	5.900	4.608	02/01/2018	615	654	726
Capital One Bank USA NA	6.500	10.704	06/13/2013	100	96	105
Capital One Financial Corp	7.380	5.321	05/23/2014	295	306	324
Capital One Financial Corp	5.500	10.399	06/01/2015	200	176	218
Capital One Financial Corp	6.750	4.906	09/15/2017	1,055	1,143	1,252
Capital One Financial Corp	4.750	4.860	07/15/2021	400	397	436
Cargill Inc	7.350	5.427	03/06/2019	250	277	315
Cargill Inc	4.310	4.716	05/14/2021	106	103	116
Cargill Inc	3.300	3.343	03/01/2022	485	483	494
Caterpillar Financial Services	5.850	4.754	09/01/2017	820	861	984
Caterpillar Financial Services	5.450	3.907	04/15/2018	280	302	334
Caterpillar Financial Services	7.150	6.151	02/15/2019	395	416	516
CBS Corp	5.750	5.766	04/15/2020	53	53	62
Cellco Partnership/Verizon Wir	8.500	3.044	11/15/2018	220	289	301
Centel Capital Corp	9.000	6.495	10/15/2019	200	229	233
Centerpoint Energy Houston	5.750	5.100	01/15/2014	185	187	198
Centerpoint Energy Houston	7.000	5.151	03/01/2014	185	190	204
Centerpoint Energy Inc	6.500	3.256	05/01/2018	310	363	368
Centerpoint Energy Resources	5.950	3.744	01/15/2014	165	170	176
Centerpoint Energy Resources	6.130	2.810	11/01/2017	300	349	351
Charles Schwab Corp	4.950	1.866	06/01/2014	500	529	536
Chubb Corp	5.750	1.792	05/15/2018	48	59	59
Cisco Systems Inc	5.500	4.491	02/22/2016	210	217	244
Cisco Systems Inc	4.450	4.555	01/15/2020	250	248	289
Cisco Systems Inc	5.500	5.644	01/15/2040	300	294	371
Citigroup Inc	6.380	6.536	08/12/2014	295	294	316
Citigroup Inc	6.010	3.809	01/15/2015	300	316	322
Citigroup Inc	4.750	4.876	05/19/2015	87	87	91
Citigroup Inc	4.590	3.858	12/15/2015	563	576	589
Citigroup Inc	6.000	5.589	08/15/2017	1,865	1,897	2,043
Citigroup Inc	6.130	7.050	11/21/2017	555	531	615
Citigroup Inc	8.500	6.863	05/22/2019	470	510	580
Citigroup Inc	5.380	5.507	08/09/2020	300	297	324
Citigroup Inc	7.000	6.049	12/01/2025	490	532	562
Citigroup Inc	8.130	8.310	07/15/2039	350	343	467
Cleveland Electric Illum	7.880	5.053	11/01/2017	300	339	375
Cleveland Electric Illum	8.880	7.005	11/15/2018	225	246	301
CME Group Inc	5.750	1.735	02/15/2014	507	539	547
CNA Financial Corp	5.850	3.764	12/15/2014	250	262	268
CNA Financial Corp	6.500	4.776	08/15/2016	285	303	321
CNA Financial Corp	5.880	5.917	08/15/2020	170	170	187
Coca-Cola Company	3.630	3.725	03/15/2014	100	100	105
Coca-Cola Company	4.880	4.993	03/15/2019	100	99	119
Coca-Cola Company	3.300	3.310	09/01/2021	104	104	112
Coca-Cola Refresh USA	4.250	2.511	03/01/2015	250	261	272
Comcast Cable Comm Holdings	9.460	7.137	11/15/2022	775	903	1,128
Comcast Cable Holdings	10.130	5.959	04/15/2022	240	313	352
Comcast Corp	5.900	4.629	03/15/2016	625	651	720
Comcast Corp	4.950	3.412	06/15/2016	95	100	107
Comcast Corp	6.500	5.409	01/15/2017	200	209	238
Comerica Bank	5.200	4.930	08/22/2017	250	253	280
Commonwealth REIT	6.650	9.690	01/15/2018	430	374	466
Commonwealth REIT	5.880	6.166	09/15/2020	325	319	336
Connecticut Light and Power	5.650	2.391	05/01/2018	435	512	517
ConocoPhillips	5.200	3.086	05/15/2018	501	557	592
ConocoPhillips	6.650	3.716	07/15/2018	294	340	368
ConocoPhillips	5.750	5.911	02/01/2019	100	99	122
ConocoPhillips	6.000	4.520	01/15/2020	940	1,028	1,182
Cons Edison Co of NY	5.100	4.756	06/15/2033	200	209	223
Cons Edison Co of NY	6.300	5.749	08/15/2037	150	161	204

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Cons Edison Co of NY	5.500	5.713	12/01/2039	350	340	440
Consumers Energy Company	6.700	5.661	09/15/2049	394	457	507
Corp Andina De Fomento	3.750	3.542	01/15/2016	532	536	553
Countrywide Financial Corp	6.250	5.331	05/15/2016	600	619	624
Cox Communications Inc	5.450	3.845	12/15/2014	225	233	248
Cox Communications Inc	5.880	2.193	12/01/2016	200	231	233
Credit Suisse New York	5.000	2.419	05/15/2013	200	204	206
Credit Suisse New York	5.500	5.524	05/01/2014	170	170	180
Credit Suisse New York	5.400	5.020	01/14/2020	230	235	239
Credit Suisse USA Inc	4.880	6.376	01/15/2015	250	241	268
Credit Suisse USA Inc	5.130	3.775	08/15/2015	680	707	742
Credit Suisse USA Inc	5.850	4.666	08/16/2016	400	417	453
Credit Suisse USA Inc	7.130	5.535	07/15/2032	275	328	358
CRH America Inc	6.000	3.793	09/30/2016	254	276	278
Crown Castle Towers LLC	3.210	3.009	08/15/2015	350	352	356
CSX Corp	6.250	3.733	03/15/2018	640	721	770
CSX Corp	7.380	6.722	02/01/2019	200	207	255
CSX Corp	4.250	3.511	06/01/2021	335	354	366
CVS Pass Through Trust	5.930	6.000	01/10/2034	248	248	275
CVS Pass Through Trust	6.130	6.066	09/15/2039	735	741	914
Daimler Finance NA LLC	6.500	4.196	11/15/2013	610	628	654
Daimler Finance NA LLC	2.950	2.988	01/11/2017	300	300	311
Danaher Corp	3.900	3.903	06/23/2021	275	275	306
Deere & Company	2.600	2.629	06/08/2022	179	179	179
Deere & Company	3.900	3.942	06/09/2042	77	76	76
Dell Inc	5.650	4.846	04/15/2018	317	330	365
Dell Inc	5.880	3.475	06/15/2019	550	631	647
Delta Air Lines 2010 -2A	4.950	4.950	05/23/2019	124	124	131
Delta Air Lines 2011-1	5.300	5.300	04/15/2019	69	69	74
Delta Air Lines 2012-1A	4.750	4.751	05/07/2020	175	175	178
Detroit Edison Company	3.900	2.752	06/01/2021	310	338	343
Detroit Edison Company	2.650	2.668	06/15/2022	53	53	53
Deutsche Bank AG London	2.380	2.409	01/11/2013	435	435	438
Deutsche Bank AG London	3.880	3.962	08/18/2014	305	304	318
Deutsche Telekom Int Fin	6.750	4.691	08/20/2018	200	222	241
Deutsche Telekom Int Fin	6.000	5.652	07/08/2019	635	647	750
Deutsche Telekom Int Fin	8.750 A	5.629	06/15/2030	170	229	236
Devon Energy Corporation	6.300	3.229	01/15/2019	495	584	607
Devon Energy Corporation	3.250	3.320	05/15/2022	244	243	248
Devon Energy Corporation	4.750	4.806	05/15/2042	157	156	165
Diageo Capital PLC	5.200	1.199	01/30/2013	200	205	205
Diageo Capital PLC	4.830	4.387	07/15/2020	402	414	468
Diageo Finance BV	5.500	2.553	04/01/2013	265	271	275
Diageo Investment Corp	2.880	2.917	05/11/2022	290	289	298
Directv Holdings/Fing	4.600	4.608	02/15/2021	400	400	425
Directv Holdings/Fing	6.000	6.098	08/15/2040	750	740	817
Discovery Communications	4.950	5.000	05/15/2042	100	99	104
DnB Boligkreditt AS	2.100	2.193	10/14/2015	300	299	305
Dominion Resources Inc	6.400	4.717	06/15/2018	465	505	568
Dominion Resources Inc	5.200	3.297	08/15/2019	50	56	59
Dominion Resources Inc	4.900	4.999	08/01/2041	64	63	72
Dow Chemical Company	7.600	2.207	05/15/2014	235	258	262
Dow Chemical Company	5.900	2.031	02/15/2015	335	368	374
Dow Chemical Company	8.550	5.720	05/15/2019	417	483	555
Dow Chemical Company	4.250	4.284	11/15/2020	64	64	69
Dow Chemical Company	4.130	4.174	11/15/2021	114	114	122
Duke Energy Carolinas	7.000	4.034	11/15/2018	250	291	324
Duke Energy Carolinas	4.300	4.304	06/15/2020	211	211	241
Duke Energy Carolinas	3.900	2.696	06/15/2021	210	230	234
Duke Energy Corp	3.550	3.552	09/15/2021	116	116	123
Duke Energy Ohio Inc	5.450	5.010	04/01/2019	395	405	477
DuPont EI de Nemours Co	6.000	3.208	07/15/2018	608	700	756
DuPont EI de Nemours Co	5.600	4.670	12/15/2036	320	363	403
DuPont EI de Nemours Co	4.900	4.987	01/15/2041	125	123	146
Eaton Corporation	7.630	4.412	04/01/2024	325	420	429

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
eBay Inc	3.250	3.427	10/15/2020	1,110	1,095	1,163
Ecolab Inc	5.500	4.517	12/08/2041	540	626	648
Encana Corp	6.500	5.141	05/15/2019	100	108	119
Enel Finance International NV	5.130	5.144	10/07/2019	700	699	669
Eni SpA	5.700	5.741	10/01/2040	250	249	248
Entergy Gulf States LA	6.000	3.328	05/01/2018	380	433	442
EOG Resources Inc	5.630	5.356	06/01/2019	200	203	240
EOG Resources Inc	4.400	2.949	06/01/2020	340	375	383
Erac USA Finance Company	2.250	2.317	01/10/2014	286	286	288
ERP Operating-LP	4.630	3.708	12/15/2021	425	456	462
Exelon Generation Co LLC	5.350	1.710	01/15/2014	360	380	381
Exelon Generation Co LLC	4.000	4.013	10/01/2020	288	288	290
Exelon Generation Co LLC	5.750	5.778	10/01/2041	86	86	90
Federal Home Loan Bank	5.500	3.658	07/15/2036	400	517	540
Fifth Third Bancorp	3.630	2.956	01/25/2016	455	465	480
Florida Power & Light	5.950	4.176	10/01/2033	120	150	158
Florida Power & Light	5.960	5.307	04/01/2039	335	366	448
Florida Power Corp	6.400	5.331	06/15/2038	280	322	382
FMR LLC	6.450	6.504	11/15/2039	250	248	286
Ford Motor Credit Company LLC	4.210	4.207	04/15/2016	220	220	228
France Telecom	4.380	2.478	07/08/2014	700	726	735
France Telecom	8.500	5.593	03/01/2031	230	307	323
Freeport-McMoRan Copper & Gold	2.150	2.317	03/01/2017	534	530	526
Gap Inc	5.950	6.848	04/12/2021	243	229	252
General Electric Capital Corp	5.900	5.926	05/13/2014	1,500	1,499	1,629
General Electric Capital Corp	5.500	3.739	06/04/2014	675	697	728
General Electric Capital Corp	2.250	2.266	11/09/2015	675	675	689
General Electric Capital Corp	5.630	5.805	09/15/2017	400	396	459
General Electric Capital Corp	5.630	4.505	05/01/2018	1,290	1,360	1,483
General Electric Capital Corp	6.000	5.091	08/07/2019	2,435	2,565	2,849
General Electric Capital Corp	5.500	5.614	01/08/2020	1,320	1,311	1,511
General Electric Capital Corp	4.380	4.424	09/16/2020	445	444	481
General Electric Capital Corp	5.880	8.520	01/14/2038	200	145	230
General Electric Company	5.250	4.386	12/06/2017	605	629	706
General Mills Inc	5.200	4.836	03/17/2015	100	101	111
General Mills Inc	5.650	4.103	02/15/2019	470	512	567
Georgia Power Company	5.250	5.030	12/15/2015	200	201	227
Glaxosmithkline Cap Inc	4.380	3.625	04/15/2014	215	218	229
Glaxosmithkline Cap Inc	6.380	5.354	05/15/2038	275	314	378
Goldman Sachs Group Inc	5.150	2.636	01/15/2014	300	311	312
Goldman Sachs Group Inc	3.630	3.576	02/07/2016	415	416	415
Goldman Sachs Group Inc	5.750	5.226	10/01/2016	50	51	53
Goldman Sachs Group Inc	6.250	7.134	09/01/2017	290	279	315
Goldman Sachs Group Inc	5.950	5.036	01/18/2018	200	209	214
Goldman Sachs Group Inc	6.150	5.862	04/01/2018	535	542	580
Goldman Sachs Group Inc	7.500	5.619	02/15/2019	2,980	3,285	3,398
Goldman Sachs Group Inc	5.380	5.493	03/15/2020	450	447	463
Goldman Sachs Group Inc	6.000	5.227	06/15/2020	240	252	256
Goldman Sachs Group Inc	5.250	5.257	07/27/2021	138	138	140
Goldman Sachs Group Inc	6.750	6.519	10/01/2037	140	144	137
Goldman Sachs Group LP	8.000	3.407	03/01/2013	210	216	217
GTE Corporation	6.840	3.750	04/15/2018	200	232	245
GTE Corporation	8.750	5.975	11/01/2021	250	299	351
GTP Acquisition Partners	4.350	4.387	06/15/2041	606	606	634
Halliburton Company	6.150	4.627	09/15/2019	360	393	445
Halliburton Company	7.450	7.646	09/15/2039	100	98	148
HCP Inc	3.750	3.828	02/01/2019	105	105	105
Hewlett-Packard Company	6.130	2.327	03/01/2014	375	398	403
Hewlett-Packard Company	4.750	1.527	06/02/2014	105	111	111
Hewlett-Packard Company	5.400	4.620	03/01/2017	280	289	313
Hewlett-Packard Company	4.380	4.398	09/15/2021	492	491	506
Hewlett-Packard Company	6.000	6.010	09/15/2041	485	484	535
Historic TW Inc	9.150	6.369	02/01/2023	945	1,145	1,313
Home Depot Inc	5.400	5.921	03/01/2016	500	491	576
Honeywell International	5.400	3.475	03/15/2016	360	384	412

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Honeywell International	5.300	1.677	03/01/2018	205	245	244
HSBC Bank PLC	1.630	1.673	07/07/2014	364	364	367
HSBC Bank PLC	3.500	3.518	06/28/2015	116	116	121
HSBC Bank PLC	3.100	3.108	05/24/2016	229	229	236
HSBC Bank PLC	4.130	4.199	08/12/2020	389	387	405
HSBC Bank PLC	4.750	4.761	01/19/2021	300	300	327
HSBC Bank USA	4.630	3.425	04/01/2014	320	326	334
HSBC Finance Corp	4.750	7.304	07/15/2013	17	17	18
HSBC Finance Corp	0.720	7.423	01/15/2014	500	451	494
HSBC Finance Corp	5.000	7.423	06/30/2015	455	425	485
HSBC Finance Corp	5.500	4.032	01/19/2016	300	314	325
HSBC Holdings PLC	4.880	4.389	01/14/2022	350	363	387
IBM Corp	1.950	2.071	07/22/2016	168	167	173
IBM Corp	7.630	5.057	10/15/2018	330	375	440
IBM Corp	8.380	3.317	11/01/2019	460	610	655
IBM Corp	4.000	5.503	06/20/2042	508	397	531
Indiana Michigan Power	7.000	4.840	03/15/2019	145	163	180
Intel Corporation	3.300	3.328	10/01/2021	456	455	487
Intuit Inc	5.750	3.578	03/15/2017	863	943	988
Jackson National Life Global	5.380	2.699	05/08/2013	500	511	518
Jefferies Group Inc	5.130	5.082	04/13/2018	340	341	330
Jefferies Group Inc	8.500	6.829	07/15/2019	590	644	640
Jefferies Group Inc	6.450	8.192	06/08/2027	330	281	314
John Deere Capital Corp	5.100	1.753	01/15/2013	185	188	190
John Deere Capital Corp	5.750	4.607	09/10/2018	233	247	283
John Deere Capital Corp	2.250	2.292	04/17/2019	166	166	170
John Sevier Comb Cycle	4.630	4.275	01/15/2042	1,158	1,209	1,296
Johnson Controls Inc	5.000	4.342	03/30/2020	500	521	565
Johnson Controls Inc	4.250	4.101	03/01/2021	80	81	86
Kansas City Power and Light	5.300	5.343	10/01/2041	385	383	424
KCP&L Greater Missouri	11.880	2.285	07/01/2012	270	270	270
Kellogg Company	4.250	3.896	03/06/2013	100	100	102
Kellogg Company	1.750	1.864	05/17/2017	115	114	115
Kellogg Company	3.250	2.783	05/21/2018	333	341	357
Kellogg Company	3.130	3.224	05/17/2022	174	173	177
Key Bank NA	5.800	5.972	07/01/2014	350	349	375
Keycorp	6.500	1.971	05/14/2013	200	208	209
Keycorp	5.100	3.462	03/24/2021	325	365	362
Kimberly Clark Corporation	7.500	4.845	11/01/2018	250	286	335
Kohl's Corporation	6.250	5.839	12/15/2017	90	92	108
Kraft Foods Group Inc	3.500	3.608	06/06/2022	150	149	154
Kraft Foods Group Inc	5.000	5.046	06/04/2042	103	102	109
Kraft Foods Inc	6.500	3.328	08/11/2017	900	1,032	1,092
Kraft Foods Inc	6.130	5.169	08/23/2018	435	457	529
Kraft Foods Inc	5.380	4.838	02/10/2020	734	758	869
Kroger Co	7.500	3.797	01/15/2014	278	293	305
Kroger Co	6.400	6.119	08/15/2017	100	101	120
Kroger Co	6.150	4.223	01/15/2020	760	852	910
Kroger Co	7.500	5.003	04/01/2031	250	325	325
Lincoln National Corp	4.850	4.867	06/24/2021	89	89	93
Lincoln National Corp	4.200	4.200	03/15/2022	94	94	94
Lockheed Martin Corp	4.250	3.666	11/15/2019	305	316	341
Lockheed Martin Corp	5.720	5.765	06/01/2040	300	298	360
Lowe's Companies Inc	7.110	5.609	05/15/2037	195	234	263
Lowe's Companies Inc	4.650	4.676	04/15/2042	217	216	230
Macquarie Group	7.300	4.640	08/01/2014	560	589	596
Macquarie Group	7.630	7.269	08/13/2019	475	484	511
Macquarie Group	6.250	6.395	01/14/2021	237	235	236
Macys Retail Holdings Inc	7.450	3.417	07/15/2017	300	356	365
Manitoba Province	2.130	2.165	04/22/2013	43	43	44
Manuf & Traders Trust Co	6.630	6.113	12/04/2017	715	729	835
Marathon Oil Corp	6.000	3.633	10/01/2017	200	222	236
Marathon Oil Corp	5.900	3.517	03/15/2018	110	123	129
Mass Mutual Global Funding	3.630	2.408	07/16/2012	350	350	350
Mass Mutual Global Funding	2.880	2.960	04/21/2014	122	122	126

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Mass Mutual Global Funding	2.300	2.313	09/28/2015	144	144	148
Massachusetts Electric	5.900	5.924	11/15/2039	182	181	232
Medco Health Solutions	7.130	3.921	03/15/2018	485	564	598
Merrill Lynch & Company Inc	6.400	5.451	08/28/2017	1,100	1,146	1,197
Merrill Lynch & Company Inc	6.880	6.034	04/25/2018	650	676	727
Met Life Global Funding I	2.500	2.011	01/11/2013	915	917	924
Met Life Global Funding I	5.130	3.308	04/10/2013	485	492	501
Met Life Global Funding I	5.130	2.453	06/10/2014	315	331	338
Met Life Global Funding I	3.650	3.670	06/14/2018	1,000	999	1,059
Metlife Institutional Funding	1.360	1.368	04/04/2014	250	250	251
Microsoft Corporation	1.630	1.717	09/25/2015	360	359	372
Monsanto Company	5.130	5.008	04/15/2018	160	161	189
Monumental Global Funding	5.500	4.142	04/22/2013	100	101	104
Morgan Stanley	5.300	4.052	03/01/2013	550	554	561
Morgan Stanley	4.750	8.248	04/01/2014	250	236	252
Morgan Stanley	6.000	4.819	05/13/2014	825	842	855
Morgan Stanley	4.200	4.209	11/20/2014	331	331	330
Morgan Stanley	5.450	4.660	01/09/2017	800	825	808
Morgan Stanley	6.250	7.603	08/28/2017	430	406	444
Morgan Stanley	5.950	6.578	12/28/2017	685	665	704
Morgan Stanley	6.630	5.923	04/01/2018	650	672	680
Morgan Stanley	5.630	6.198	09/23/2019	1,310	1,266	1,297
Morgan Stanley	5.750	5.667	01/25/2021	115	116	113
National Australia Bank	2.500	2.500	01/08/2013	200	200	202
National Australia Bank	2.750	2.778	09/28/2015	200	200	204
National Australia Bank	3.000	3.060	07/27/2016	500	499	512
National Bank of Canada	1.650	1.659	01/30/2014	451	451	459
National City Bank	5.800	5.680	06/07/2017	850	854	968
National Rural Utilities Co-op	2.630	2.677	09/16/2012	60	60	60
National Rural Utilities Co-op	5.450	2.605	02/01/2018	195	224	231
National Rural Utilities Co-op	10.380	4.908	11/01/2018	410	529	594
National Semiconductor	6.600	2.140	06/15/2017	430	520	532
Nationwide Mutual Insurance	9.380	7.512	08/15/2039	615	747	809
NBC Universal	5.150	3.184	04/30/2020	200	227	230
NBC Universal	4.380	4.528	04/01/2021	150	148	165
NBC Universal	5.950	5.969	04/01/2041	175	175	207
Nevada Power Company	6.500	2.997	08/01/2018	355	424	440
Nevada Power Company	7.130	5.401	03/15/2019	300	329	383
Nevada Power Company	5.380	5.396	09/15/2040	51	51	60
New York Life Global Fdg	4.650	3.682	05/09/2013	285	287	294
New York Life Global Fdg	3.000	2.610	05/04/2015	515	520	542
News America Inc	7.250	5.514	05/18/2018	64	70	77
News America Inc	8.880	7.611	04/26/2023	450	489	573
News America Inc	7.750	5.876	01/20/2024	150	173	180
News America Inc	7.300	7.225	04/30/2028	250	252	291
News America Inc	6.650	6.115	11/15/2037	125	134	146
Nextera Energy Capital	6.000	6.006	03/01/2019	125	125	147
Niagara Mohawk Power	4.880	4.881	08/15/2019	100	100	113
NiSource Finance Corp	6.400	3.049	03/15/2018	750	881	876
NiSource Finance Corp	5.450	3.637	09/15/2020	299	337	335
Nissan Motor Acceptance	4.500	2.640	01/30/2015	500	523	533
Noble Holding International	3.950	3.979	03/15/2022	45	45	46
Nomura Holdings Inc	5.000	2.878	03/04/2015	195	206	202
Nomura Holdings Inc	6.700	6.403	03/04/2020	200	204	222
Nordea Bank AB	4.880	4.938	05/13/2021	355	353	346
Norfolk Southern Corp	7.250	5.354	02/15/2031	575	702	796
Northern States Power- Minn	6.250	5.620	06/01/2036	360	390	490
Northern States Power- Minn	5.350	5.363	11/01/2039	64	64	79
Northern Trust Company	6.500	4.266	08/15/2018	250	280	305
Northern Trust Corp	5.500	4.130	08/15/2013	102	104	107
Northrop Grumman Corp	5.050	3.699	08/01/2019	490	531	565
Nova Scotia Province	9.250	4.643	03/01/2020	200	259	293
Nucor Corporation	5.750	4.303	12/01/2017	242	259	291
Nucor Corporation	5.850	2.905	06/01/2018	615	713	740
Ohio Power Company	6.050	6.649	05/01/2018	205	199	245

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Oncor Electric Delivery	6.800	4.100	09/01/2018	615	704	735
Ontario (Province Of)	2.950	2.975	02/05/2015	1,000	999	1,055
Ontario (Province Of)	0.950	0.957	05/26/2015	1,945	1,945	1,954
Ontario (Province Of)	2.700	2.710	06/16/2015	500	500	527
Oracle Corporation	4.950	0.926	04/15/2013	125	129	129
Oracle Corporation	5.750	5.177	04/15/2018	250	257	303
Oracle Corporation	5.000	4.688	07/08/2019	400	407	475
Oracle Corporation	6.500	5.656	04/15/2038	605	674	826
Oracle Corporation	5.380	5.278	07/15/2040	270	274	331
Oversea-Chinese Banking	1.630	1.694	03/13/2015	598	597	600
Paccar Financial Corp	1.550	1.168	09/29/2014	230	232	233
Pacific Gas & Electric Corp	8.250	3.561	10/15/2018	605	762	815
Pacific Gas & Electric Corp	3.250	3.312	09/15/2021	49	49	51
Pacific Life Global Funding	5.150	4.555	04/15/2013	170	171	176
Pacific Life Global Funding	5.000	4.976	05/15/2017	400	400	422
PacifiCorp	5.500	4.874	01/15/2019	350	362	418
PacifiCorp	6.100	5.153	08/01/2036	316	357	415
Parker-Hannifin Corp	3.500	3.059	09/15/2022	600	623	639
PC Financial Partnership	5.000	2.386	11/15/2014	180	191	194
Pennsylvania Electric Co	6.050	3.448	09/01/2017	210	236	239
Pepsico Inc	7.900	4.259	11/01/2018	171	205	228
Petro-Canada	6.050	5.383	05/15/2018	447	462	529
Petro-Canada	6.800	6.466	05/15/2038	225	234	281
Pfizer Inc	4.650	2.187	03/01/2018	205	232	236
PG&E Corp	5.750	5.875	04/01/2014	150	150	161
Pharmacia Corporation	6.500	4.660	12/01/2018	700	771	887
Philips Electronics NV	5.750	3.507	03/11/2018	80	89	95
Philips Electronics NV	7.200	4.879	06/01/2026	180	222	237
Pitney Bowes Inc	4.880	2.626	08/15/2014	200	209	208
Pitney Bowes Inc	5.600	4.431	03/15/2018	100	106	104
Pitney Bowes Inc	6.250	5.189	03/15/2019	240	254	253
PNC Bank NA	6.880	4.989	04/01/2018	250	273	298
PNC Funding Corp	5.250	5.111	11/15/2015	300	301	330
PNC Funding Corp	5.630	3.845	02/01/2017	300	322	334
PNC Funding Corp	5.130	5.150	02/08/2020	160	160	185
Potash Corp-Saskatchewan	3.750	2.830	09/30/2015	500	514	535
Potomac Electric Power	7.900	5.749	12/15/2038	335	432	546
PPG Industries Inc	7.400	4.939	08/15/2019	260	298	324
PPG Industries Inc	9.000	6.096	05/01/2021	625	748	851
PPL Energy Supply LLC	4.600	4.604	12/15/2021	590	590	605
Praxair Inc	3.950	3.652	06/01/2013	130	130	134
Praxair Inc	4.380	4.446	03/31/2014	200	200	213
Praxair Inc	5.200	3.733	03/15/2017	510	542	597
Pricoa Global Funding 1	5.450	5.499	06/11/2014	350	350	379
Principal Life Global	5.050	8.354	03/15/2015	500	461	542
Principal Life Inc Fdg	5.100	3.519	04/15/2014	400	411	428
Progress Energy Carolina	5.300	4.589	01/15/2019	200	208	240
Progress Energy Carolina	2.800	2.826	05/15/2022	83	83	84
Progress Energy Inc	6.050	6.115	03/15/2014	150	150	162
Progress Energy Inc	7.750	5.834	03/01/2031	100	122	141
Prudential Insurance Company	8.300	5.843	07/01/2025	650	794	856
PSEG Power LLC	5.130	4.780	04/15/2020	504	515	559
PSEG Power LLC	4.150	4.161	09/15/2021	152	152	158
Public Service Colorado	3.200	3.247	11/15/2020	45	45	48
Public Service Electric & Gas	5.380	5.083	11/01/2039	169	176	210
Public Service Oklahoma	5.150	5.186	12/01/2019	118	118	137
Public Service Oklahoma	4.400	4.494	02/01/2021	137	136	152
Quebec Province	6.350	4.145	01/30/2026	900	1,104	1,215
Rabobank Nederland	3.200	3.310	03/11/2015	500	499	515
Rabobank Nederland	2.130	2.177	10/13/2015	114	114	114
Rabobank Nederland	4.500	4.534	01/11/2021	219	218	232
Rabobank Nederland	3.880	3.970	02/08/2022	426	423	433
Rabobank Nederland	5.800	6.007	09/30/2110	300	290	310
Rabobank Nederland Utrec	3.380	3.394	01/19/2017	82	82	84
Republic Services Inc	5.500	3.442	09/15/2019	360	407	417

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Republic Services Inc	3.550	3.583	06/01/2022	309	308	312
Rio Tinto Fin USA Ltd	8.950	2.511	05/01/2014	605	674	691
Rio Tinto Fin USA Ltd	3.500	3.593	11/02/2020	51	51	54
Rio Tinto Fin USA Ltd	3.750	3.781	09/20/2021	588	587	632
Royal Bank of Canada	2.300	2.357	07/20/2016	855	853	878
Ryder System Inc	3.600	3.623	03/01/2016	180	180	190
Ryder System Inc	2.500	2.534	03/01/2017	158	158	159
Ryder System Inc	3.500	3.533	06/01/2017	96	96	101
Sabmiller PLC	5.500	2.683	08/15/2013	500	515	523
San Diego Gas & Electric	5.350	5.359	05/15/2040	27	27	35
Sempra Energy	8.900	4.603	11/15/2013	347	366	382
Sempra Energy	6.500	6.539	06/01/2016	100	100	118
Sempra Energy	9.800	5.170	02/15/2019	450	564	624
Shell International Fin	1.880	1.916	03/25/2013	75	75	76
Shell International Fin	4.000	3.740	03/21/2014	575	577	609
Shell International Fin	3.100	3.115	06/28/2015	73	73	78
Shell International Fin	4.300	4.343	09/22/2019	285	284	331
Shell International Fin	4.380	4.434	03/25/2020	290	289	338
Shell International Fin	6.380	6.026	12/15/2038	140	146	198
Siemens Financieringsmat	6.130	5.126	08/17/2026	470	517	584
Simon Property Group LP	6.750	6.414	05/15/2014	140	141	152
Simon Property Group LP	5.630	4.874	08/15/2014	50	51	54
Simon Property Group LP	6.100	9.051	05/01/2016	325	295	370
Simon Property Group LP	6.130	5.748	05/30/2018	140	143	166
Simon Property Group LP	7.380	6.200	06/15/2018	166	176	205
Simon Property Group LP	5.650	4.550	02/01/2020	275	294	321
Southern Cal Edison	4.150	4.153	09/15/2014	100	100	107
Southern Cal Edison	6.050	6.110	03/15/2039	250	248	336
Southern Cal Edison	5.500	5.634	03/15/2040	170	167	216
Southern Company	4.150	3.107	05/15/2014	500	509	528
Southern Company	1.950	1.982	09/01/2016	130	130	133
Southtrust Bank NA	7.690	5.873	05/15/2025	400	465	480
Southwestern Electric Power	6.450	5.261	01/15/2019	115	122	139
Southwestern Public Service	8.750	5.352	12/01/2018	288	341	389
Spectra Energy Capital	6.200	5.541	04/15/2018	445	458	531
Spectra Energy Capital	6.750	8.473	07/15/2018	160	147	187
Spectra Energy Capital	8.000	5.666	10/01/2019	450	512	576
Stadshypotek AB	1.450	1.457	09/30/2013	697	697	702
Staples Inc	9.750	6.071	01/15/2014	325	342	363
State Street Corp	4.300	3.345	05/30/2014	500	509	532
Statoil ASA	3.130	2.281	08/17/2017	692	720	745
Statoil ASA	3.150	3.172	01/23/2022	350	349	365
SunTrust Banks Inc	5.250	2.676	11/05/2012	371	374	376
SunTrust Banks Inc	3.600	3.282	04/15/2016	630	637	654
Svenska Handelsbanken AB	3.130	3.127	07/12/2016	494	494	510
Svenska Handelsbanken AB	2.880	2.895	04/04/2017	463	463	469
Talisman Energy	7.750	4.568	06/01/2019	475	563	583
Talisman Energy	5.500	5.629	05/15/2042	450	442	462
Target Corp	7.000	5.065	01/15/2038	440	561	618
TCI Communications Inc	7.880	7.698	02/15/2026	100	101	135
Teco Finance Inc	5.150	2.920	03/15/2020	340	392	389
Telecom Italia Capital	4.950	4.108	09/30/2014	400	407	397
Telecom Italia Capital	7.000	8.462	06/04/2018	100	93	100
Telefonica Emisiones SAU	5.860	3.741	02/04/2013	200	202	200
Telefonica Emisiones SAU	6.420	4.065	06/20/2016	500	543	480
Telefonica Emisiones SAU	6.220	5.139	07/03/2017	300	314	282
Telefonica Emisiones SAU	5.880	5.877	07/15/2019	50	50	45
Telefonica Emisiones SAU	5.460	5.462	02/16/2021	117	117	102
Teva Pharm Fin IV BV	3.650	3.175	11/10/2021	445	462	468
The Mosiac Company	3.750	3.667	11/15/2021	363	365	379
The Mosiac Company	4.880	4.971	11/15/2041	33	33	35
Thomson Reuters Corp	4.700	4.744	10/15/2019	150	150	170
Time Warner Cable Inc	8.250	4.379	02/14/2014	730	774	813
Time Warner Cable Inc	6.750	4.658	07/01/2018	150	166	183
Time Warner Cable Inc	8.750	4.412	02/14/2019	300	374	399

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Time Warner Cable Inc	7.300	6.397	07/01/2038	300	334	385
Time Warner Entertainment	8.380	4.362	03/15/2023	225	302	305
Time Warner Entertainment	8.380	6.560	07/15/2033	325	392	440
Toronto-Dominion Bank	2.200	2.140	07/29/2015	1,350	1,352	1,405
Total Capital International SA	1.550	1.589	06/28/2017	112	112	112
Total Capital SA	2.300	2.129	03/15/2016	540	543	561
Toyota Motor Credit Corp	3.200	2.095	06/17/2015	70	72	74
Toyota Motor Credit Corp	2.000	2.110	09/15/2016	2,950	2,937	2,998
Trans-Canada Pipelines	6.500	6.574	08/15/2018	250	249	311
Trans-Canada Pipelines	7.130	3.233	01/15/2019	400	491	512
Trans-Canada Pipelines	3.800	2.870	10/01/2020	300	320	330
Trans-Canada Pipelines	7.630	7.632	01/15/2039	50	50	75
Transocean Inc	6.500	6.390	11/15/2020	960	967	1,089
Travelers PPTY Casualty	7.750	5.666	04/15/2026	410	491	550
Tyco International Finance	8.500	4.734	01/15/2019	495	599	678
Tyco/Tyco International Fin SA	7.000	4.057	12/15/2019	200	238	263
UBS AG Stamford CT	3.880	3.970	01/15/2015	500	499	517
UBS AG Stamford CT	5.880	5.576	12/20/2017	300	304	335
UBS AG Stamford CT	5.750	4.472	04/25/2018	100	106	111
Union Carbide Corp	7.500	5.809	06/01/2025	250	288	301
Union Pacific Corp	4.160	4.011	07/15/2022	358	362	399
Union Pacific Corp	2.950	2.956	01/15/2023	43	43	43
Union Pacific Corp	5.780	4.235	07/15/2040	310	388	386
Union Pacific Corp	4.300	4.307	06/15/2042	50	50	50
United Mexican States	6.380	3.627	01/16/2013	630	639	648
United Mexican States	4.750	4.839	03/08/2044	564	556	608
United Mexican States	5.750	5.959	10/12/2110	326	315	371
United Technologies Corp	6.130	3.413	02/01/2019	696	805	862
United Technologies Corp	3.100	3.109	06/01/2022	106	106	111
United Technologies Corp	5.400	5.468	05/01/2035	170	169	203
United Technologies Corp	4.500	4.576	06/01/2042	143	141	157
UNP RR CO 2003 PASS TRUST	4.700	5.675	01/02/2024	81	77	88
UPS of America Inc	8.380	4.731	04/01/2020	125	154	174
UPS of America Inc	8.380	5.178	04/01/2030	230	306	337
US Bancorp	2.880	2.977	11/20/2014	450	449	470
US Bancorp	2.450	2.059	07/27/2015	456	461	473
US Bancorp	4.130	4.000	05/24/2021	275	278	308
Verizon Communications	5.550	3.794	02/15/2016	165	175	189
Verizon Communications	5.500	4.897	02/15/2018	720	741	852
Verizon Communications	8.750	4.820	11/01/2018	345	418	474
Verizon Communications	8.950	5.546	03/01/2039	170	250	280
Verizon Communications	7.350	7.564	04/01/2039	400	390	574
Verizon Maryland Inc	7.150	7.864	05/01/2023	400	379	416
Verizon New England Inc	7.880	6.381	11/15/2029	330	381	404
Verizon Pennsylvania	8.350	7.266	12/15/2030	400	444	526
Verizon Virginia Inc	4.630	4.968	03/15/2013	375	374	385
Viacom Inc	4.500	3.263	03/01/2021	340	372	377
Viacom Inc	3.880	4.076	12/15/2021	177	174	188
Viacom Inc	7.880	6.380	07/30/2030	380	440	488
Virginia Electric & Power Co	5.400	4.990	04/30/2018	490	500	587
Vodafone Group	5.750	6.019	03/15/2016	200	198	231
Vodafone Group	5.450	4.869	06/10/2019	369	381	443
Volkswagen Intl Fin NV	1.630	1.728	08/12/2013	100	100	101
Wachovia Bank NA	0.800	3.030	03/15/2016	850	783	816
Wachovia Corp	5.500	4.298	05/01/2013	1,400	1,414	1,455
Wachovia Corp	5.250	2.817	08/01/2014	102	107	109
Wachovia Corp	5.750	5.126	06/15/2017	775	796	902
Wachovia Corp	5.750	5.587	02/01/2018	775	780	917
Wal-Mart Stores Inc	7.550	5.479	02/15/2030	350	431	525
Wal-Mart Stores Inc	5.250	5.736	09/01/2035	425	399	514
Waste Management Inc	7.380	3.803	03/11/2019	437	528	552
Waste Management Inc	4.750	4.596	06/30/2020	622	628	700
WEA Finance/WT Fin Aust	6.750	5.451	09/02/2019	658	707	776
WellPoint Inc	5.880	5.236	06/15/2017	500	513	590
Wells Fargo & Company	5.000	7.000	11/15/2014	100	96	107

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Wells Fargo & Company	3.680	3.008	06/15/2016	390	400	415
Wells Fargo & Company	5.630	5.429	12/11/2017	865	872	1,010
Wells Fargo & Company	4.600	4.319	04/01/2021	380	388	424
Wells Fargo Bank NA	4.750	2.821	02/09/2015	565	592	606
Westpac Banking Corp	4.200	2.749	02/27/2015	345	358	367
Westpac Banking Corp	4.880	4.884	11/19/2019	406	406	440
Wisconsin Electric Power	6.000	0.833	04/01/2014	257	280	280
Wisconsin Electric Power	2.950	3.070	09/15/2021	11	11	11
Wyeth	5.500	1.972	02/01/2014	190	200	204
Xcel Energy Inc	4.700	4.741	05/15/2020	45	45	52
Xerox Corporation	6.750	4.601	02/01/2017	191	208	222
Xerox Corporation	2.950	2.732	03/15/2017	230	232	233
Xerox Corporation	5.630	5.438	12/15/2019	350	354	394
XTO Energy Inc	5.500	1.534	06/15/2018	310	380	380
<i>Total Corporate Bonds</i>					252,381	271,566
<i>Corporate Asset Backed Issues</i>						
Academic Laon Funding Trust	1.050	1.096	12/27/2022	600	599	599
AH Mortgage Advance Trust	2.980	3.000	03/13/2013	753	753	759
AH Mortgage Advance Trust	3.370	3.400	05/10/2013	2,334	2,334	2,361
AH Mortgage Advance Trust	2.230	2.250	05/10/2013	723	723	722
AH Mortgage Advance Trust	3.720	3.750	03/13/2014	1,575	1,575	1,579
Ally Auto Receivables Trust	1.110	1.115	11/15/2013	843	843	846
Ally Auto Receivables Trust	1.450	1.458	05/15/2014	119	119	120
Ally Auto Receivables Trust	1.550	1.576	10/15/2014	357	357	362
Ally Auto Receivables Trust	1.380	1.393	01/15/2015	285	285	287
American Credit Acceptance Rec	1.960	1.970	01/15/2014	154	154	154
American Credit Acceptance Rec	3.040	3.060	10/15/2015	320	320	320
Americredit Auto Receivables	1.660	1.669	03/17/2014	8	8	8
Americredit Auto Receivables	1.050	1.057	11/10/2014	123	123	123
Americredit Auto Receivables	0.840	0.849	11/10/2014	470	470	471
Americredit Auto Receivables	1.140	1.156	04/08/2015	434	434	435
Banc of America Auto Trust	1.310	1.315	07/15/2014	115	115	116
Banc of America Auto Trust	1.940	1.954	06/15/2017	510	510	518
Bank of America Auto Trust	0.780	0.783	03/15/2015	295	295	296
Bank of America Auto Trust	3.520	3.555	06/15/2016	125	125	126
Bank of America Auto Trust	2.180	2.198	02/15/2017	310	310	314
Carmax Auto Owner Trust	1.560	1.572	07/15/2014	105	105	106
Camow Auto Receivables Trust	2.090	2.101	08/15/2013	375	375	375
Chase Funding Mortgage Loan	4.500	6.133	11/25/2034	353	347	359
Chase Funding Mortgage Loan	5.350 A	7.604	11/25/2034	500	469	445
Chase Funding Mortgage Loan	4.280	8.710	11/25/2034	646	591	606
Chrysler Financial Auto Sec	2.820	2.842	01/15/2016	19	19	19
CNH Equipment Trust	1.540	1.552	07/15/2014	34	34	34
CNH Equipment Trust	0.650	0.651	07/15/2015	354	354	354
CNH Equipment Trust	1.200	1.209	05/16/2016	375	375	377
CNH Equipment Trust	2.040	2.055	10/17/2016	256	256	263
CNH Equipment Trust	0.940	0.945	05/15/2017	328	328	329
CPS Auto Trust	3.680	2.514	05/16/2016	354	361	363
CPS Auto Trust	4.210	4.249	09/15/2016	460	460	472
CPS Auto Trust	2.780	2.802	11/15/2016	341	341	342
CPS Auto Trust	2.520	2.540	03/15/2017	1,278	1,278	1,278
Ford Credit Auto Owner Trust	4.500	4.548	07/15/2014	297	297	303
Honda Auto Receivables Trust	2.310	2.329	05/15/2013	2	2	2
Honda Auto Receivables Trust	0.770	0.774	03/16/2015	189	189	189
Honda Auto Receivables Trust	3.300	3.329	09/15/2015	250	250	252
Honda Auto Receivables Trust	0.970	0.972	03/16/2016	68	68	68
Huntington Auto Trust	0.810	0.822	05/15/2015	308	308	309
Huntington Auto Trust	1.010	1.016	01/15/2016	400	400	402
Huntington Auto Trust	1.310	1.313	11/15/2016	400	400	405
Hyuandai Auto Receivables Trst	0.970	0.984	11/15/2013	282	282	283
Hyuandai Auto Receivables Trst	1.630	1.638	07/15/2015	400	400	408
Hyuandai Auto Receivables Trust	0.720	0.726	03/15/2016	346	346	347
John Deere Owner Trust	1.290	1.296	01/15/2016	365	365	368
John Deere Owner Trust	1.960	1.974	04/16/2018	285	285	292

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
LAI Vehicle Lease Securitizat	2.550	2.672	09/15/2016	280	280	280
Mercedes-Benz Auto Rec Trust	1.420	1.433	07/15/2013	117	117	118
Mercedes-Benz Auto Rec Trust	0.850	0.853	03/15/2014	273	273	274
NCUA Guaranteed Notes	0.590 A	0.589	12/07/2020	237	237	238
Newcastle Investment Trust	2.450	2.446	12/10/2033	224	224	224
Nissan Auto Receivables Trust	0.870	0.878	07/15/2014	303	303	304
Nissan Auto Receivables Trust	1.310	1.319	09/15/2016	300	300	303
Park Place Securities Inc	0.870	1.187	10/25/2034	932	886	884
Residential Asset Mtg Prod	0.590	11.220	10/25/2035	600	579	521
Residential Asset Mtg Prod	0.550	9.443	03/25/2036	1,300	1,141	1,119
Residential Asset Sec Corp	0.620	6.270	10/25/2035	430	429	417
Santander Drive Auto Rec Trust	2.060	2.070	08/15/2013	150	150	150
Santander Drive Auto Rec Trust	1.080	1.084	04/15/2016	132	132	132
Santander Drive Auto Rec Trust	2.390	1.421	06/15/2017	400	406	410
Saxon Asset Securities Trust	4.790 A	4.566	06/25/2033	283	287	283
SNAAC Auto Receivables Trust	1.780	1.794	09/15/2014	255	255	255
Springleaf Mortgage Loan Trust	2.670	2.593	09/25/2057	433	433	432
Springleaf Mortgage Loan Trust	6.000	7.970	09/25/2057	650	590	568
Toyota Auto Rec Owner Trust	0.770	0.775	04/15/2014	534	534	534
Trafigura Securitisation Fin	2.640	2.656	04/15/2015	1,190	1,190	1,190
USAA Auto Owner Trust	2.530	2.544	07/15/2015	295	295	299
Westgate Resorts	4.500	4.378	09/20/2015	1,255	1,255	1,256
Westlake Auto Receivables Trst	1.080	1.083	07/15/2013	37	37	37
Westlake Auto Receivables Trst	1.490	1.496	06/16/2014	303	303	303
<i>Total Corporate Asset Backed Issues</i>					30,373	30,397
<i>Corporate CMO</i>						
A10 Securitization	3.490	3.518	04/15/2024	974	974	977
AH Mortgage Advance Trust	3.270	3.306	09/15/2013	1,334	1,334	1,349
AH Mortgage Advance Trust	6.900	7.000	09/15/2013	500	500	512
American General Mortgage Loan	5.150	3.581	03/25/2040	484	493	495
American General Mortgage Loan	5.750	4.067	09/25/2048	1,525	1,533	1,536
American General Mortgage Loan	5.750	4.878	09/25/2048	1,100	1,104	1,117
American General Mortgage Loan	5.750	8.297	09/25/2048	1,300	1,253	1,331
ASG Resecuritization Trust	5.230 A	5.188	05/24/2036	400	400	388
ASG Resecuritization Trust	5.230 A	9.872	05/24/2036	741	709	734
ASG Resecuritization Trust	0.450 A	0.965	10/28/2036	327	317	320
ASG Resecuritization Trust	2.650 A	6.748	03/26/2037	1,222	1,163	1,202
ASG Resecuritization Trust	2.530 A	11.914	06/26/2037	723	588	720
ASG Resecuritization Trust	6.000	9.714	06/28/2037	954	943	987
Banc of Amer Altern Loan Trust	5.000	4.723	09/25/2018	425	427	436
Banc of Amer Altern Loan Trust	5.500	7.384	02/25/2019	402	384	410
Banc of Amer Altern Loan Trust	5.500	5.566	09/25/2019	278	277	282
Banc of Amer Altern Loan Trust	5.500	8.324	09/25/2033	292	260	297
Banc of Amer Altern Loan Trust	5.500	5.699	11/25/2033	328	326	337
Banc of Amer Altern Loan Trust	6.000	6.644	01/25/2034	319	310	333
Banc of Amer Altern Loan Trust	6.000	6.659	01/25/2034	515	497	538
Banc of America Commercial Mtg	5.410	2.846	09/10/2016	450	490	498
Banc of America Commercial Mtg	4.670	5.024	07/10/2043	400	397	437
Banc of America Commercial Mtg	4.730	7.964	07/10/2043	600	550	624
Banc of America Commercial Mtg	5.890	6.051	07/10/2044	1,000	996	1,129
Banc of America Commercial Mtg	5.370	10.517	09/10/2045	660	570	733
Banc of America Commercial Mtg	5.120	5.057	10/10/2045	230	230	257
Banc of America Commercial Mtg	5.630	6.516	07/10/2046	700	682	789
Banc of America Funding Corp	5.500	5.704	10/25/2034	718	711	736
Banc of America Funding Corp	5.050 A	5.441	12/20/2034	216	214	214
Banc of America Funding Corp	5.370 A	4.613	02/26/2035	874	908	920
Banc of America Mortgage Sec	0.700	1.662	08/25/2018	244	240	234
Banc of America Mortgage Sec	5.000	3.903	04/25/2019	140	142	144
Banc of America Mortgage Sec	6.500	6.781	09/25/2032	220	218	233
Banc of America Mortgage Sec	3.090 A	3.244	04/25/2033	319	316	320
Banc of America Mortgage Sec	5.500	4.676	05/25/2033	778	789	799
Banc of America Mortgage Sec	3.130 A	3.125	06/25/2033	302	302	297
Banc of America Mortgage Sec	3.130 A	3.255	04/25/2034	920	914	905
Banc of America Mortgage Sec	5.500	2.968	04/25/2034	1,400	1,460	1,439

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Bank of America Corp	5.750	10.175	09/20/2034	415	366	438
BCAP LLC Trust	5.440 A	4.915	08/26/2012	238	238	238
BCAP LLC Trust	5.500	7.002	11/26/2034	969	920	987
BCAP LLC Trust	5.020 A	4.373	04/26/2035	344	347	336
BCAP LLC Trust	1.050	3.742	01/26/2036	392	357	370
BCAP LLC Trust	5.250	5.230	05/26/2037	41	41	41
BCAP LLC Trust	4.930 A	5.789	05/26/2037	950	937	929
BCAP LLC Trust	5.750	6.038	06/26/2037	636	628	642
BCAP LLC Trust	3.070 A	2.323	07/26/2045	1,117	1,135	1,048
Bear Stearns Adj Rate Mortgage	4.980 A	4.821	07/25/2033	291	292	291
Bear Stearns Adj Rate Mortgage	5.090 A	4.828	05/25/2034	241	243	241
Bear Stearns Adj Rate Mortgage	2.220 A	2.833	08/25/2035	434	420	421
Bear Stearns Commercial Mtg	5.620 A	4.821	03/11/2039	235	238	264
Bear Stearns Commercial Mtg	0.270 A	9.669	06/11/2041	14,257	216	204
Bear Stearns Commercial Mtg	5.470	2.094	06/11/2041	500	525	534
Bear Stearns Commercial Mtg	5.540	10.089	10/12/2041	300	263	343
Chase Mortgage Finance Corp	5.000	3.291	03/25/2018	233	240	238
Chase Mortgage Finance Corp	2.980 A	3.367	02/25/2037	838	822	838
Chase Mortgage Finance Corp	2.870 A	2.933	02/25/2037	203	203	202
Chase Mortgage Finance Corp	3.090 A	4.365	07/25/2037	536	498	486
Citicorp Mortgage Securities	5.500	3.155	06/25/2034	667	697	699
Citigroup Commercial Mortgage	4.830 A	4.789	05/15/2043	400	400	423
Citigroup Mortgage Loan Trust	5.250	15.896	10/25/2033	394	322	402
Citigroup Mortgage Loan Trust	5.070 A	4.786	08/25/2034	190	191	192
Citigroup Mortgage Loan Trust	2.610 A	2.726	02/25/2035	346	344	345
Citigroup Mortgage Loan Trust	5.500	5.480	05/25/2035	401	401	392
Citigroup Mortgage Loan Trust	6.000	9.864	06/25/2036	880	806	917
Citigroup Mortgage Loan Trust	4.000	2.841	11/25/2036	2,716	2,767	2,788
Citigroup Mortgage Loan Trust	4.500	2.848	12/25/2036	2,945	3,026	3,033
Citigroup Mortgage Loan Trust	3.020 A	2.463	11/25/2038	944	948	937
Citigroup/Deutsche Bank Commer	0.080 A	3.707	01/15/2046	72,239	207	152
Citigroup/Deutsche Bank Commer	0.200 A	14.949	12/11/2049	41,303	363	326
Commercial Mortgage Pass-Thru	4.980	9.224	05/10/2043	1,000	917	1,093
Countrywide Home Loans	4.500	5.608	06/25/2019	383	373	390
Countrywide Home Loans	5.250	5.252	09/25/2033	72	72	72
Countrywide Home Loans	5.000	6.294	10/25/2033	777	740	773
Countrywide Home Loans	5.250	5.884	04/25/2034	1,491	1,455	1,541
Credit Suisse Mortgage Capital	5.500	5.500	10/27/2035	74	73	73
Credit Suisse Mortgage Capital	3.250	3.164	07/27/2037	939	941	941
Credit Suisse Mortgage Capital	2.500 A	1.911	10/26/2037	134	134	131
Credit Suisse Mortgage Capital	5.850	5.892	03/15/2039	500	502	550
Credit Suisse Mortgage Capital	1.250 A	1.849	02/27/2047	1,495	1,490	1,490
Credit Suisse Mortgage Capital	1.250 A	1.509	06/28/2047	83	83	83
Credit Suisse Mortgage Capital	4.250 A	8.360	06/25/2050	300	280	274
CS First Boston Mortgage Sec	2.970 A	3.870	06/25/2033	497	478	463
CS First Boston Mortgage Sec	5.250	6.159	11/25/2033	1,254	1,225	1,294
CS First Boston Mortgage Sec	5.500	3.185	09/25/2034	664	702	695
CS First Boston Mortgage Sec	5.500	3.906	12/25/2034	735	771	775
CS First Boston Mortgage Sec	18.180 A	19.572	06/25/2035	83	81	91
CS First Boston Mortgage Sec	4.730	4.846	07/15/2037	400	399	422
CW Capital Cobalt	5.220	2.745	08/15/2048	245	268	271
Deutsche ALT-A Sec Inc Mtg	5.660 A	5.918	02/25/2020	264	262	273
Deutsche Mortgage Securities	0.370 A	8.629	04/26/2037	404	404	391
First Horizon Mortgage Ps Thru	4.500	4.426	09/25/2018	507	507	517
Fontainebleau Miami Beach Trst	2.890	2.898	05/05/2017	841	841	855
GE Capital Commercial Mortgage	4.830	4.279	06/10/2048	1,000	1,013	1,035
GE Capital Commercial Mortgage	4.850	4.385	06/10/2048	500	506	505
GMAC Commercial Mortgage Sec	5.240	10.435	11/10/2045	1,810	1,566	1,965
GMAC Mortgage Corp Loan Trust	5.000	4.356	01/25/2020	285	289	293
GMAC Mortgage Corp Loan Trust	3.050 A	3.985	10/19/2033	783	753	789
GMAC Mortgage Corp Loan Trust	5.000	6.078	10/25/2033	418	402	414
GMAC Mortgage Corp Loan Trust	5.000	8.437	11/25/2033	834	769	870
GMAC Mortgage Corp Loan Trust	3.000 A	3.313	12/19/2033	1,234	1,215	1,228
GMAC Mortgage Corp Loan Trust	6.500	5.698	01/25/2035	536	551	549
Greenwich Capital Comm Funding	4.860 A	5.694	01/10/2015	210	206	218

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
GS Mortgage Securities Corp	5.550	9.297	04/10/2038	1,000	897	1,112
GSR Mortgage Loan Trust	6.000	7.170	09/25/2034	708	679	743
GSR Mortgage Loan Trust	0.600	7.809	03/25/2035	550	351	455
GSR Mortgage Loan Trust	0.750	4.053	06/25/2035	228	206	215
GSR Mortgage Loan Trust	5.500	10.943	01/25/2037	97	82	94
Household Home Equity Loan Tst	0.510	4.348	01/20/2035	195	173	182
Household Home Equity Loan Tst	0.730	5.117	01/20/2035	391	340	351
Household Home Equity Loan Tst	0.400	4.299	01/20/2036	404	353	371
Household Home Equity Loan Tst	0.390	3.114	03/20/2036	348	314	328
Household Home Equity Loan Tst	0.440	1.599	03/20/2036	231	209	212
Household Home Equity Loan Tst	5.600	5.193	03/20/2036	389	388	392
Household Home Equity Loan Tst	1.440	4.168	11/20/2036	522	453	494
IMPAC CMB Trust	0.550	3.012	05/25/2035	422	379	385
IMPAC Secured Assets Corp	5.500	6.771	08/25/2033	629	591	661
IMPAC Secured Assets Corp	0.600	3.153	05/25/2036	527	454	500
IMPAC Secured Assets Corp	0.600	6.139	08/25/2036	882	775	844
JP Morgan Chase Commercial Mtg	5.770 A	2.397	07/12/2014	700	741	749
JP Morgan Chase Commercial Mtg	5.540 A	4.397	08/12/2037	700	720	707
JP Morgan Chase Commercial Mtg	4.400	2.085	01/12/2039	700	722	729
JP Morgan Chase Commercial Mtg	5.550	3.506	05/12/2045	500	537	564
JP Morgan Chase Commercial Mtg	5.400	9.292	05/15/2045	950	835	1,075
JP Morgan Chase Commercial Mtg	0.400	5.266	05/15/2047	800	746	746
JP Morgan Mortgage Trust	2.660 A	2.793	11/25/2033	1,151	1,141	1,147
JP Morgan Mortgage Trust	2.920 A	3.970	08/25/2034	1,510	1,440	1,473
JP Morgan Mortgage Trust	5.010 A	4.940	02/25/2035	1,000	1,001	1,011
JP Morgan Mortgage Trust	4.430 A	3.634	02/25/2035	105	106	106
JP Morgan Mortgage Trust	2.850 A	2.797	07/25/2035	871	872	848
JP Morgan Re-REMIC	4.320 A	4.174	08/26/2035	458	458	447
Lake Country Mortgage Loan Tst	0.600	2.191	07/25/2034	591	566	569
LB-UBS Commercial Mortgage Tst	5.160	7.515	01/15/2016	300	282	334
LB-UBS Commercial Mortgage Tst	4.370	2.169	03/15/2036	598	618	625
LB-UBS Commercial Mortgage Tst	0.210 A	15.395	02/15/2041	24,451	242	272
Master Adjustable Rate Mtgage	2.660 A	5.190	11/21/2034	229	225	231
Master Adjustable Rate Mtgage	2.660 A	2.827	11/21/2034	1,350	1,337	1,333
Master Reperforming Loan Trust	0.600	6.946	05/25/2035	773	520	606
Master Resecuritization Trust	13.630	27.578	05/28/2035	439	240	342
MASTR Asset Securitization	5.500	10.908	09/25/2033	128	112	133
MASTR Asset Securitization	5.250	3.842	12/25/2033	1,097	1,132	1,149
Merrill Lynch Mortgage Invest	2.750 A	3.352	07/25/2033	172	168	173
Merrill Lynch Mortgage Trust	5.850 A	5.531	05/12/2039	260	263	295
Merrill Lynch/Countrywide Comm	0.220 A	9.386	12/12/2049	15,510	192	191
MLCC Mortgage Investors Inc	0.990	3.562	04/25/2029	394	330	363
MLCC Mortgage Investors Inc	1.470	3.336	08/25/2029	419	388	389
MLCC Mortgage Investors Inc	2.610 A	2.957	08/25/2034	293	287	285
MLCC Mortgage Investors Inc	2.350 A	2.796	12/25/2034	618	603	622
Morgan Stanley Capital I	4.050	3.906	06/15/2021	340	343	368
Morgan Stanley Capital I	5.820 A	5.796	06/11/2042	250	251	290
Morgan Stanley Capital I	0.180 A	11.555	12/15/2043	15,831	200	221
Morgan Stanley Capital I	0.400 A	41.699	02/12/2044	42,888	367	302
Morgan Stanley Capital Inc	1.000 A	5.840	01/25/2035	67	59	67
Morgan Stanley Mortgage Loan	5.670 A	5.260	04/25/2034	327	332	333
Morgan Stanley Mortgage Loan	5.500	23.487	08/25/2034	4,399	540	534
Morgan Stanley Reremic Trust	2.000	1.853	09/27/2017	2,427	2,433	2,433
Morgan Stanley Reremic Trust	0.250	6.841	03/27/2019	400	272	266
Morgan Stanley Re-REMIC Trust	4.970	2.440	04/16/2040	1,400	1,448	1,471
Morgan Stanley Re-REMIC Trust	3.000	2.636	07/17/2056	160	160	160
Morgan Stanley Re-REMIC Trust	5.000	3.111	07/17/2056	1,450	1,471	1,479
NCUA Guaranteed Notes	2.650	2.866	01/01/2018	3,466	3,447	3,625
NCUA Guaranteed Notes	2.900	1.547	10/29/2020	1,100	1,173	1,173
NCUA Guaranteed Notes	0.800 A	0.801	12/08/2020	888	888	892
NCUA Guaranteed Notes	2.400	2.461	12/08/2020	465	464	477
Prime Mortgage Trust	6.000	5.261	02/25/2034	269	277	284
RBSSP Resecuritization Trust	6.500	3.789	02/26/2036	595	606	631
RBSSP Resecuritization Trust	4.000	4.230	05/26/2037	432	428	427
Residential Accredit Loans	16.110	16.515	10/25/2017	158	159	178

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
Residential Accredit Loans	0.900	3.194	07/25/2033	447	401	385
Residential Accredit Loans	5.500	5.536	08/25/2033	649	649	671
Residential Accredit Loans	5.750	7.409	10/25/2033	492	460	511
Residential Accredit Loans	5.500	13.881	05/25/2034	1,558	1,090	1,415
Residential Funding Mtg Sec I	5.500	1.445	05/25/2022	804	814	810
Salomon Brothers Mortgage Sec	3.950 A	9.679	04/25/2032	202	174	170
Salomon Brothers Mortgage Sec	2.740 A	3.440	09/25/2033	662	642	623
Springleaf Mortgage Loan Trust	4.050 A	4.006	01/25/2058	997	996	1,011
Springleaf Mortgage Loan Trust	5.450	5.625	01/25/2058	1,000	989	1,000
Structured Asset Investment	0.520 A	7.470	06/25/2035	272	270	260
Structured Asset Mortgage Inv	0.000	8.871	07/25/2032	171	117	166
Structured Asset Mortgage Inv	0.900 A	2.102	10/19/2034	610	553	540
Structured Asset Securities Co	3.450	5.138	02/25/2032	307	283	281
Structured Asset Securities Co	0.750	7.871	06/25/2033	490	451	470
Structured Asset Securities Co	5.500	6.017	10/25/2033	682	667	690
Structured Asset Securities Co	5.280 A	5.630	11/25/2033	196	193	207
Structured Asset Securities Co	5.030 A	5.138	12/25/2033	250	248	251
Structured Asset Securities Co	5.540	6.371	12/25/2033	1,188	1,142	1,163
Structured Asset Securities Co	5.550 A	6.291	03/25/2034	578	559	582
Structured Asset Securities Co	4.690 A	4.481	02/25/2035	1,027	1,039	1,017
Structured Asset Securities Co	5.000	13.553	05/25/2035	178	136	176
Thornburg Mtg Securities Trust	0.890	2.364	09/25/2043	679	632	656
TIAA Seasoned Commercial Mtg	5.620 A	5.079	08/15/2039	2,500	2,518	2,675
UBS-BAMLL Trust	3.660	3.439	06/10/2022	578	590	590
Vendee Mortgage Trust	6.750	5.797	06/15/2026	709	745	838
Vendee Mortgage Trust	6.750	4.201	06/15/2028	588	667	684
Vericrest Opportunity Loan	4.210	4.250	03/25/2049	283	283	285
Volt 12-RPL1 LLC	4.950	5.000	03/25/2049	2,311	2,311	2,311
Wachovia Bank Comm Mtg Trust	5.210	2.725	01/15/2041	652	686	693
Wachovia Bank Comm Mtg Trust	5.920 A	8.272	05/15/2043	1,440	1,347	1,637
WAMU Mortgage Pass-Through Cer	5.500	5.566	08/25/2019	536	534	561
WAMU Mortgage Pass-Through Cer	2.420 A	3.056	08/25/2033	228	221	224
WAMU Mortgage Pass-Through Cer	2.480 A	2.627	08/25/2033	251	249	251
WAMU Mortgage Pass-Through Cer	2.450 A	2.690	09/25/2033	864	853	867
WAMU Mortgage Pass-Through Cer	2.550 A	2.839	09/25/2033	338	330	339
WAMU Mortgage Pass-Through Cer	5.250	7.957	10/25/2033	2,017	1,879	2,117
WAMU Mortgage Pass-Through Cer	16.380	15.754	11/25/2033	172	174	177
WAMU Mortgage Pass-Through Cer	0.650	2.703	03/25/2034	174	171	171
WAMU Mortgage Pass-Through Cer	2.590 A	4.066	06/25/2034	244	227	244
WAMU Mortgage Pass-Through Cer	2.590 A	2.664	06/25/2034	610	607	606
WAMU Mortgage Pass-Through Cer	5.500	6.196	06/25/2034	857	827	877
WAMU Mortgage Pass-Through Cer	5.000	3.468	07/25/2034	589	608	612
Washington Mutual MSC Mortgage	0.000	17.440	07/25/2033	204	132	162
Washington Mutual MSC Mortgage	5.500	45.091	05/25/2035	671	60	114
Wells Fargo Mortgage Backed	4.750	4.542	12/25/2018	791	792	820
Wells Fargo Mortgage Backed	5.000	3.504	01/25/2020	267	275	273
Wells Fargo Mortgage Backed	5.000	3.931	11/25/2020	230	233	241
Wells Fargo Mortgage Backed	4.440 A	4.580	11/25/2033	743	739	748
Wells Fargo Mortgage Backed	4.740 A	2.618	12/25/2033	237	239	238
Wells Fargo Mortgage Backed	4.960 A	4.724	02/25/2034	418	419	425
Wells Fargo Mortgage Backed	2.660 A	4.102	09/25/2034	1,433	1,341	1,440
Wells Fargo Mortgage Backed	2.730 A	3.809	10/25/2034	562	532	564
Wells Fargo Mortgage Backed	2.650 A	3.362	10/25/2034	494	479	491
Wells Fargo Mortgage Backed	2.650 A	4.935	10/25/2034	340	311	340
Wells Fargo Mortgage Backed	2.620 A	4.137	12/25/2034	695	654	699
Wells Fargo Mortgage Backed	2.910 A	6.619	12/25/2034	335	300	340
Wells Fargo Mortgage Backed	2.620 A	3.969	12/25/2034	463	439	466
Wells Fargo Mortgage Backed	2.910 A	3.677	12/25/2034	335	329	342
Wells Fargo Mortgage Backed	2.690 A	3.785	06/25/2035	181	172	175
Wells Fargo Mortgage Loan Trst	2.850 A	2.725	08/27/2037	468	468	468
WF-RBS Commercial Mortgage Tst	4.380	4.266	05/15/2021	600	605	659
WF-RBS Commercial Mortgage Tst	3.440	3.324	01/15/2022	400	404	411
<i>Total Corporate CMO</i>					139,631	145,724

Total Corporate Issues - 37.1%

422,385

447,687

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>Short-term Issues</u>						
Dreyfus Cash Management Institutional Fund - 1.0%				11,727,961	11,728	11,728
Total Investment Securities - 99.8%					<u>\$ 1,113,868</u>	<u>\$ 1,201,301</u>
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 25,080	\$ 25,080
Mellon SL DBT II Liquidating Fund					234	225
Total Collateral for Securities Loaned					<u>\$ 25,314</u>	<u>\$ 25,305</u>

A - Adjustable rate security.

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Interest	\$	57,105
Dividends		11
Net amortization		(10,625)
Securities lending income		<u>129</u>

Total investment income 46,620

Expenses

Investment advisor fees		(1,797)
Trustee fees		(4)
Custodian bank fees		(63)
Management fees		(369)
Fiduciary bond fees		(4)
Professional service fees		(67)
Securities lending agent fees		(22)
Securities lending borrower rebates		<u>(8)</u>

Total expenses (2,334)

Investment income, net 44,286

Realized and unrealized gain from investments

Net realized gain from investments		10,347
Net increase in the fair value of investments		<u>38,372</u>

Net gain from investments 48,719

Net increase in net assets from operations \$ 93,005

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$ 44,286
Net realized gain from investments	10,347
Net increase in the fair value of investments	<u>38,372</u>

Net increase in net assets from operations 93,005

Distributions to unitholders

Investment income, net	(44,286)
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Unit transactions

Proceeds from sale of units	162,026
Reinvestment of distributions	<u>45,613</u>
	207,639
Amount paid for repurchase of units	<u>(243,167)</u>

Net decrease in net assets from unit transactions (35,528)

Increase in net assets 13,191

Net assets, beginning of period 1,190,015

Net assets, end of period \$ 1,203,206

Unit data

Units sold	14,501,744
Units issued from reinvestment of distributions	<u>4,081,804</u>
	18,583,548
Units repurchased	<u>(21,712,802)</u>

Net decrease in units (3,129,254)

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, 2012.

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, 2012.

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Agency bonds and notes	Aaa	AA+	\$ 16,801	1.4%
Agency collateralized mortgage obligations	Aaa	AA+	268,484	22.3
Agency mortgage backed securities	Aaa	AA+	173,034	14.4
Corporate asset backed securities	Aa2	AA+	30,397	2.5
Corporate bonds and notes	A3	A	271,566	22.7
Corporate collateralized mortgage obligations	A1	AA+	145,724	12.1
Municipal bonds	Aa3	AA-	4,781	0.4
Regulated investment companies	Aaa	AAA	11,728	1.0
U. S. Treasury bonds and notes	Aaa	AA+	278,786	23.2
Total rated investments			<u>\$ 1,201,301</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, 2012, 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, 2012, 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, 2012.

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)
Agency bonds and notes	\$ 16,801	5.0
Agency collateralized mortgage obligations	268,484	3.6
Agency mortgage backed securities	173,034	6.9
Corporate asset backed securities	30,397	1.9
Corporate bonds and notes	271,566	5.7
Corporate collateralized mortgage obligations	145,724	3.1
Municipal bonds	4,781	12.6
Regulated investment companies	11,728	0.0
U. S. Treasury bonds and notes	278,786	6.8
Total assets	\$ 1,201,301	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, 2012, the Pool held \$617,639 of these securities. This represents approximately 51 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. 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.

Core Fixed Income Pool

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

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

The table below summarizes the valuation of the investment securities in accordance with ASC 820 fair value hierarchy levels as of June 30, 2012:

Assets	Level 1	Level 2	Level 3	Total
Agency bonds and notes	\$ -	\$ 16,801	\$ -	\$ 16,801
Agency collateralized mortgage obligations	-	268,484	-	268,484
Agency mortgage backed securities	-	173,034	-	173,034
Corporate asset backed securities	-	30,397	-	30,397
Corporate bonds and notes	-	271,566	-	271,566
Corporate collateralized mortgage obligations	-	145,724	-	145,724
Municipal bonds	-	4,781	-	4,781
Regulated investment companies	-	11,728	-	11,728
Securities lending collateral funds	-	25,305	-	25,305
U.S. Treasury bonds and notes	-	278,786	-	278,786
Total	<u>\$ -</u>	<u>\$ 1,226,606</u>	<u>\$ -</u>	<u>\$ 1,226,606</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 84,459		
Initial collateral received:	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash	<u>\$ 25,314</u>	<u>\$ 25,305</u>	<u>\$ (9)</u>
Non-cash		<u>60,875</u>	
Total		<u>\$ 86,180</u>	

Core 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, 2011	\$ 10.90
Income from investment operations:	
Net investment income	0.42
Net realized and unrealized gain on investment transactions	0.45
Total from investment operations	0.87
Less distributions from net investment income	(0.42)
Net asset value at June 30, 2012	\$ 11.35
Time-weighted Total Return *	8.1%
Supplemental Data:	
Net assets, end of period	\$ 1,203,206
Ratio to average net assets:	
Expenses **	0.19%
Net investment income **	3.71%
Portfolio turnover rate	21.56%

* 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, 2012. 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	\$ 299,345
Public Employees' Retirement System	294,141
Workers' Compensation Old Fund	200,247
Revenue Shortfall Reserve Fund - Part B	75,840
Revenue Shortfall Reserve Fund	73,920
West Virginia Retiree Health Benefit Trust	54,696
Coal Workers' Pneumoconiosis Fund	40,858
West Virginia Prepaid Tuition Trust Fund	39,505
Public Employees Insurance Agency	38,603
State Police Death, Disability and Retirement Fund	32,774
Board of Risk and Insurance Management	21,908
Judges' Retirement System	8,623
Deputy Sheriff's Retirement System	8,022
State Police Retirement System	5,379
Wildlife Endowment Fund	2,784
Emergency Medical Services Retirement System	2,463
Workers' Compensation Self-Insured Guaranty Risk Pool	1,732
Workers' Compensation Uninsured Employers' Fund	1,288
West Virginia Department of Environmental Protection Trust	596
AccessWV	471
Municipal Police Officers' and Firefighters' Retirement System	11
Total	\$ 1,203,206

Core 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, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

TIPS Pool

TIPS Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) TIPS Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations and changes in net assets for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations and changes in net assets for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

TIPS Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	739,173
Collateral for securities loaned at fair value (Note 5)		1,585
Receivables:		
Accrued interest		4,117
Investments sold		19,633
Securities lending income		<u>27</u>
Total assets		764,535

Liabilities

Accrued expenses		73
Dividends payable		2,211
Payable for investments purchased		19,290
Payable upon return of securities loaned (Note 5)		<u>1,586</u>
Total liabilities		<u>23,160</u>
Net assets	\$	<u><u>741,375</u></u>

Analysis of net assets

Paid-in capital	\$	661,007
Accumulated undistributed net realized gain from investments		27,925
Unrealized net appreciation of investments		<u>52,443</u>
Net assets	\$	<u><u>741,375</u></u>

Unit data

Units outstanding		67,079,863
Net asset value, unit price	\$	<u><u>11.05</u></u>

See accompanying notes to financial statements.

TIPS Pool

Schedule of Investments in Securities

June 30, 2012

(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	1.880 %	(0.605) %	07/15/2013	17,920	\$ 23,028	\$ 22,999
United States Treasury	2.000	(0.463)	01/15/2014	18,881	24,403	24,428
United States Treasury	1.250	(0.454)	04/15/2014	13,889	15,561	15,602
United States Treasury	2.000	(0.419)	07/15/2014	17,371	22,252	22,481
United States Treasury	1.630	(0.267)	01/15/2015	16,563	20,918	21,226
United States Treasury	0.500	(0.400)	04/15/2015	19,411	21,128	21,403
United States Treasury	1.880	(0.212)	07/15/2015	15,213	19,138	19,589
United States Treasury	2.000	(0.072)	01/15/2016	15,072	18,752	19,341
United States Treasury	0.130	(0.920)	04/15/2016	42,018	45,294	45,624
United States Treasury	2.500	(0.034)	07/15/2016	15,474	19,431	20,204
United States Treasury	2.380	0.130	01/15/2017	13,401	16,839	17,664
United States Treasury	0.130	(1.313)	04/15/2017	14,627	(15,873)	15,650
United States Treasury	2.630	0.060	07/15/2017	11,807	14,752	15,589
United States Treasury	1.630	0.262	01/15/2018	12,602	14,874	15,825
United States Treasury	1.380	0.293	07/15/2018	12,795	14,532	15,597
United States Treasury	2.130	0.403	01/15/2019	11,874	14,135	15,239
United States Treasury	1.880	0.447	07/15/2019	13,392	15,854	17,274
United States Treasury	1.380	0.532	01/15/2020	16,449	18,586	20,375
United States Treasury	1.250	0.592	07/15/2020	25,492	28,275	31,280
United States Treasury	1.130	0.853	01/15/2021	29,280	31,477	35,483
United States Treasury	0.630	0.152	07/15/2021	31,996	34,044	36,424
United States Treasury	0.130	(0.337)	01/15/2022	39,836	42,270	42,893
United States Treasury	2.380	1.098	01/15/2025	19,684	27,598	31,677
United States Treasury	2.000	1.156	01/15/2026	15,054	19,283	22,299
United States Treasury	2.380	1.204	01/15/2027	12,281	16,187	18,808
United States Treasury	1.750	1.242	01/15/2028	12,796	15,050	17,615
United States Treasury	3.630	1.328	04/15/2028	11,136	20,997	24,435
United States Treasury	2.500	1.018	01/15/2029	14,945	19,382	22,219
United States Treasury	3.880	1.348	04/15/2029	13,327	25,698	30,114
United States Treasury	3.380	1.388	04/15/2032	4,215	7,332	8,806
United States Treasury	2.130	1.531	02/15/2040	8,124	9,792	12,287
United States Treasury	2.130	1.442	02/15/2041	15,099	18,315	22,672
United States Treasury	0.750	0.615	02/15/2042	14,597	15,273	15,645
Total U.S. Treasury Issues - 99.6%					686,323	738,767
<u>Short-term Issues</u>						
Dreyfus Cash Management Institutional Fund - 0.1%				405,581	406	406
Total Investment Securities - 99.7%					\$ 686,729	\$ 739,173
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 1,571	\$ 1,571
Mellon SL DBT II Liquidating Fund					15	14
Total Collateral for Securities Loaned					\$ 1,586	\$ 1,585

A - Adjustable rate security.

See accompanying notes to financial statements.

TIPS Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Interest	\$	12,660
Dividends		1
Net accretion		7,465
Securities lending income		<u>343</u>

Total investment income 20,469

Expenses

Investment advisor fees		(181)
Trustee fees		(3)
Custodian bank fees		(21)
Management fees		(257)
Fiduciary bond fees		(3)
Professional service fees		(46)
Securities lending agent fees		(63)
Securities lending borrower rebates		<u>(2)</u>

Total expenses (576)

Investment income, net 19,893

Realized and unrealized gain from investments

Net realized gain from investments		27,699
Net increase in the fair value of investments		<u>46,560</u>

Net gain from investments 74,259

Net increase in net assets from operations \$ 94,152

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	19,893
Net realized gain from investments		27,699
Net increase in the fair value of investments		<u>46,560</u>

Net increase in net assets from operations 94,152

Distributions to unitholders

Investment income, net		(19,893)
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Unit transactions

Proceeds from sale of units		108,305
Reinvestment of distributions		<u>23,673</u>
		131,978
Amount paid for repurchase of units		<u>(356,555)</u>

Net decrease in net assets from unit transactions (224,577)

Decrease in net assets (150,318)

Net assets, beginning of period 891,693

Net assets, end of period \$ 741,375

Unit data

Units sold		10,159,760
Units issued from reinvestment of distributions		<u>2,222,552</u>
		12,382,312
Units repurchased		<u>(33,223,221)</u>

Net decrease in units (20,840,909)

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 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 \$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.

TIPS 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, 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.

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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.

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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, 2012.

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, 2012.

<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	AA+	\$ 738,767	99.9%
Money market funds	Aaa	AAA	406	0.1
Total rated investments			<u>\$ 739,173</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, 2012, 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, 2012, 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, 2012.

<u>Security Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
U. S. Treasury issues	\$ 738,767	8.1
Money market funds	406	0.0
Total assets	<u>\$ 739,173</u>	<u>8.1</u>

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

NOTE 4. 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.

TIPS Pool

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

NOTE 4. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Regulated investment companies	\$ -	\$ 406	\$ -	\$ 406
Securities lending collateral funds	-	1,585	-	1,585
U.S. Treasury issues	-	738,767	-	738,767
Total	<u>\$ -</u>	<u>\$ 740,758</u>	<u>\$ -</u>	<u>\$ 740,758</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$ 438,717		
Initial collateral received:	Cost	Fair Value	Unrealized Loss
Cash	<u>\$ 1,586</u>	\$ 1,585	<u>\$ (1)</u>
Non-cash		446,129	
Total		<u>\$ 447,714</u>	

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

Net asset value at June 30, 2011	\$ 10.14
Income from investment operations:	
Net investment income	0.26
Net realized and unrealized gain on investment transactions	0.91
Total from investment operations	1.17
Less distributions from net investment income	(0.26)
Net asset value at June 30, 2012	<u>\$ 11.05</u>

Time-weighted Total Return * 11.6%

Supplemental Data:

Net assets, end of period	\$ 741,375
Ratio to average net assets:	
Expenses **	0.06%
Net investment income **	2.38%
Portfolio turnover rate	27.33%

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

** All ratios are for the fiscal year

TIPS 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, 2012. 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>
Revenue Shortfall Reserve Fund	\$ 211,804
Teachers' Retirement System	129,355
Public Employees' Retirement System	113,259
Workers' Compensation Old Fund	96,245
Revenue Shortfall Reserve Fund - Part B	50,344
West Virginia Retiree Health Benefit Trust	45,634
Public Employees Insurance Agency	27,835
Coal Workers' Pneumoconiosis Fund	26,446
Board of Risk and Insurance Management	14,109
State Police Death, Disability and Retirement Fund	12,312
Judges' Retirement System	3,268
Deputy Sheriff's Retirement System	3,001
State Police Retirement System	1,998
Workers' Compensation Self-Insured Guaranty Risk Pool	1,107
AccessWV	1,105
Wildlife Endowment Fund	1,033
Workers' Compensation Uninsured Employers' Fund	934
Emergency Medical Services Retirement System	902
West Virginia Department of Environmental Protection Trust	680
Municipal Police Officers' and Firefighters' Retirement System	4
Total	<u>\$ 741,375</u>

NOTE 8. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

TRS Annuity Pool

TRS Annuity Pool

Audited Financial Statements June 30, 2012

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KPMG LLP
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Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) TRS Annuity Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

TRS Annuity Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at amortized cost	\$	53,093
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Liabilities

Accrued expenses		<u>70</u>
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Net assets	\$	<u>53,023</u>
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Analysis of net assets

Paid-in capital	\$	28,437
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Accumulated undistributed net investment income		<u>24,586</u>
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Net assets	\$	<u>53,023</u>
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Unit data

Units outstanding		4,547,031
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Net asset value, unit price	\$	<u>11.66</u>
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See accompanying notes to financial statements.

TRS Annuity Pool

Schedule of Investments in Securities

June 30, 2012

(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 - 100.1%	53,092,919	\$ 53,093	\$ 53,093

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Operations
Year Ended June 30, 2012
(Amounts in thousands)

Investment income

Interest \$ 4,301

Expenses

Management fees (31)

Professional service fees (122)

Total expenses (153)

Investment income, net 4,148

Net increase in net assets from operations \$ 4,148

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net \$ 4,148

Unit transactions

Proceeds from sale of units 88

Amount paid for repurchase of units (55,058)

Net decrease in net assets from unit transactions (54,970)

Decrease in net assets (50,822)

Net assets, beginning of period 103,845

Net assets, end of period \$ 53,023

Unit data

Units sold 7,851

Units repurchased (4,752,451)

Net decrease in units (4,744,600)

See accompanying notes to financial statements.

TRS Annuity Pool

Statement of Cash Flows Year Ended June 30, 2012 *(Amounts in thousands)*

Cash flows from operating activities

Net increase in net assets from operations	\$	4,148
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:		
Purchase of investment securities		(4,301)
Sale of investment securities		55,058
Increase in accrued expenses		<u>65</u>
Net cash provided by operating activities		54,970

Cash flows from financing activities

Proceeds from units sold		88
Paid for repurchase of units		<u>(55,058)</u>
Net cash used in financing activities		<u>(54,970)</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, 2011, and 2012. Final payment will be received on May 4, 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, 2012 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, 2012.

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. 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, 2012:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Annuity contract	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,093</u>	<u>\$ 53,093</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2012 was as follows:

	<u>Annuity contract</u>
Balance at June 30, 2011	\$ 103,850
Net realized gain/(loss)	-
Net change in unrealized appreciation/(depreciation)	-
Purchases	4,301
Sales	(55,058)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2012	<u>\$ 53,093</u>

TRS Annuity Pool

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

NOTE 5. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2011	\$ 11.18
Net investment income from investment operations	0.48
Net asset value at June 30, 2012	<u>\$ 11.66</u>
Time-weighted Total Return *	4.4%
Supplemental Data:	
Net assets, end of period	\$ 53,023
Ratio to average net assets:	
Expenses **	0.16%
Net investment income **	4.25%
Portfolio turnover rate	4.40%

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

** All ratios are for the fiscal year

NOTE 6. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Private Equity Pool

Private Equity Pool

Audited Financial Statements June 30, 2012

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Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Private Equity Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Private Equity Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,027,697
Advance on investment in other funds (Note 5)	436
Dividends receivable	<u>4</u>

Total assets 1,028,137

Liabilities

Accrued expenses	<u>199</u>
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Net assets \$ 1,027,938

Analysis of net assets

Paid-in capital	\$ 823,150
Accumulated undistributed net investment loss	(5,066)
Accumulated undistributed net realized loss from investments	(18,634)
Unrealized net appreciation of investments	<u>228,488</u>

Net assets \$ 1,027,938

Unit data

Units outstanding	87,281,775
Net asset value, unit price	<u><u>\$ 11.78</u></u>

See accompanying notes to financial statements.

Private Equity Pool

*****Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Partnerships</u>			
Advent International GPE VI - A. L.P.		\$ 30,267	\$ 37,715
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, LP		28,961	32,928
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.		14,562	16,533
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.		10,989	12,582
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.		5,733	5,588
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.		3,247	3,035
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 2012, L.P.		641	641
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.			

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
H.I.G. Bayside Debt & LBO Fund II, L.P. 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.		21,260	23,204
Hellman & Friedman Capital Partners VII, L.P. Investment Objective - To make investments, both domestically and internationally, in public and private companies seeking long-term capital appreciation. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		8,713	7,766
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.		17,329	14,190
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.		3,439	3,502
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.		15,182	13,320
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.		21,824	22,815
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.		29,144	33,767

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
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.		12,637	10,782
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 American oil and gas companies. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		38,292	47,368
NGP Natural Resources X, L.P. Investment Objective - To generate long-term capital gains through equity investments in companies engaged in the energy, water, and food and agriculture sectors, with an emphasis on privately negotiated equity investments in North American oil and gas companies. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		3,220	2,882
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.		18,003	24,304
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.		32,164	40,291
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.		24,039	23,892

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
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.		16,100	15,739
Thoma Bravo Fund X, L.P. Investment Objective - To seek long-term capital appreciation by acquiring, holding, and disposing of securities involved in or connected with enterprise and infrastructure software, financial and business services, and education. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		6,443	6,314
Wellspring Capital Partners V, L.P. Investment Objective - To target under-managed or underperforming companies possessing strong core franchises and solid fundamentals in the consumer products, manufacturing, retail, distribution, and business and consumer service industries. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		10,681	9,400
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.		29,043	32,902
Wicks Capital Partners Fund IV, L.P. Investment Objective - To invest in and build middle market businesses in selected segments of the information, education and media industries. Redemption Provisions - Upon termination of the partnership. A detail of the underlying investments is not available.		4,665	3,791
Total Partnerships - 43.3%		406,578	445,251
<u>Investments in Other Funds</u>			
Bridgewater All Weather Portfolio II, LTD 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.	352,206	360,010	549,825
Total Investments in Other Funds - 53.5%		360,010	549,825

See accompanying notes to financial statements.

Private Equity Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

<u>Security Name</u>	<u>Shares</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 3.2%	32,620,862	32,621	32,621
Total Investment Securities - 100.0%		<u>\$ 799,209</u>	<u>\$ 1,027,697</u>

See accompanying notes to financial statements.

Private Equity Pool

Statement of Changes in Net Assets
Year Ended June 30, 2012
(Amounts in thousands, except for unit data)

Operations

Investment loss, net	\$ (1,272)
Net realized gain from investments	94,599
Net increase in the fair value of investments	<u>49,896</u>

Net increase in net assets from operations 143,223

Unit transactions

Proceeds from sale of units	81,081
Amount paid for repurchase of units	<u>(217,534)</u>

Net decrease in net assets from unit transactions (136,453)

Increase in net assets 6,770

Net assets, beginning of period 1,021,168

Net assets, end of period \$ 1,027,938

Unit data

Units sold	7,365,159
Units repurchased	<u>(19,893,711)</u>

Net decrease in units (12,528,552)

See accompanying notes to financial statements.

Private Equity Pool

Statement of Cash Flows
Year Ended June 30, 2012
(Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$ 143,223
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(187,454)
Proceeds from disposition of investment securities	324,221
Purchases and sales of short-term investment securities, net	1,349
Increase in advance on investment in other funds	(436)
Increase in dividends receivable	(1)
Increase in accrued expenses	46
Net realized gain from investments	(94,599)
Net increase in the fair value of investments	<u>(49,896)</u>
Net cash provided by operating activities	136,453

Cash flows from financing activities

Proceeds from units sold	81,081
Paid for repurchase of units	<u>(217,534)</u>
Net cash used in financing activities	<u>(136,453)</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 \$995,076 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, 2012. 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, 2012.

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, 2012 these investments had holdings in foreign currencies of approximately \$314,621 or approximately 31 percent of the total value of the Pool's investments. At June 30, 2012, 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. 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

Private Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Regulated investment companies	\$ -	\$ 32,621	\$ -	\$ 32,621
Investments in other funds	-	-	549,825	549,825
Partnerships	-	-	445,251	445,251
Total	\$ -	\$ 32,621	\$ 995,076	\$ 1,027,697

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2012 was as follows:

	Investments in other funds	Partnerships
Balance at June 30, 2011	\$ 735,267	\$ 252,081
Net realized gain	83,837	10,762
Net change in unrealized appreciation	20,721	29,175
Purchases	-	187,454
Sales	(290,000)	(34,221)
Net transfers in/(out) of Level 3	-	-
Balance at June 30, 2012	\$ 549,825	\$ 445,251

NOTE 5. ADVANCE ON INVESTMENTS IN OTHER FUNDS

As of June 30, 2012, the IMB has recorded an advance on investment in other funds, related to a distribution due from Natural Gas Partners X, L.P. as a result of a subsequent closing of additional limited partners who funded their relative share of capital previously called.

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, 2012 the IMB had made commitments to twenty-six private equity general partnerships totaling \$967,000. The IMB had funded \$427,075 of these commitments at June 30, 2012, leaving unfunded commitments of \$539,925.

NOTE 7. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2011	\$ 10.23
Income from investment operations:	
Net investment loss	(0.01)
Net realized and unrealized gain on investment transactions	1.56
Total from investment operations	1.55
Net asset value at June 30, 2012	\$ 11.78
Time-weighted Total Return *	15.1%
Supplemental Data:	
Net assets, end of period	\$ 1,027,938
Ratio to average net assets:	
Expenses **	0.13%
Net investment income **	-0.12%
Portfolio turnover rate	18.79%

* 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, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 503,734
Public Employees' Retirement System	435,948
State Police Death, Disability and Retirement Fund	48,464
Judges' Retirement System	12,702
Deputy Sheriff's Retirement System	11,695
State Police Retirement System	7,821
Wildlife Endowment Fund	4,032
Emergency Medical Services Retirement System	3,525
Municipal Police Officers' and Firefighters' Retirement System	17
Total	\$ 1,027,938

NOTE 9. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Real Estate Pool

Real Estate Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Real Estate Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Real Estate Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$	636,957
Collateral for securities loaned at fair value (Note 5)		4,200
Cash denominated in foreign currencies (cost \$15)		15
Receivables:		
Investments sold		3,933
Foreign tax withholding		16
Interest		1,158
Dividends		1,180
Securities lending income		6
		<u>6</u>
Total assets		647,465

Liabilities

Cash overdraft		32
Accrued expenses		502
Payable for investments purchased		2,537
Payable upon return of securities loaned (Note 5)		4,201
		<u>4,201</u>
Total liabilities		7,272
Net assets	\$	<u>640,193</u>

Analysis net assets

Paid-in capital	\$	558,719
Accumulated undistributed net investment income		15,593
Accumulated undistributed net realized gain from investments		25,099
Accumulated undistributed net realized gain from foreign currency transactions		263
Unrealized net appreciation of investments		40,307
Unrealized net appreciation on translation of assets and liabilities in foreign currencies		212
		<u>212</u>
Net assets	\$	<u>640,193</u>

Unit data

Units outstanding		66,548,998
Net asset value, unit price	\$	<u>9.62</u>

See accompanying notes to financial statements.

Real Estate Pool

*****Schedule of Investments in Securities

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Investments in Other Funds</u>			
ABR Chesapeake Investors IV, LP		\$ 15,000	\$ 15,175
Investment Objective: To generate a 14% net return to investors through the acquisition of moderately leveraged real estate assets generally valued between \$10 million and \$30 million in the value-add sector.			
Redemption Provisions - Upon termination of partnership.			
A detail of the underlying investments is not available.			
AG Core Plus Realty Fund III, L.P.		12,500	12,782
Investment Objective - To invest in core plus equity real estate investments primarily located in the U.S. that provide opportunities to enhance and stabilize returns, and to generate a gross return ranging from 13% - 15%.			
Redemption Provisions - Upon termination of partnership.			
A detail of the underlying investments is not available.			
Blackstone RE Partners Europe III, L.P.		6,441	8,445
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.			
BPG Investment Partnership IX, L.P.		10,204	10,206
Investment Objective -To invest in a broad range of real estate assets in the U.S. in which value can be enhanced through intense operations and asset management, and to generate an internal rate of return in excess of 12%, net of fees, costs, and carried interest.			
Redemption Provisions - Upon termination of partnership.			
A detail of the underlying investments is not available.			
CIM VI-1, LLC		1,295	1,250
To invest in substantially stabilized core real estate and real estate related assets located in urban areas that are experiencing positive transition due to urbanization trends.			
Redemption Provisions - Upon termination of partnership.			
A detail of the underlying investments is not available.			
DRA Growth & Income Fund VII, LLC		8,631	8,817
Investment Objective - To capitalize on inefficiencies in real estate markets and to make real estate investments that provide value-add opportunities expected to provide investors a 12-15% rate of return on their investments.			
Redemption Provisions - Upon termination of partnership.			
A detail of the underlying investments is not available.			
Invesco Core Real Estate - U.S.A., L.P.		30,000	39,753
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.			
Kennedy Wilson Real Estate Fund IV, L.P.		24,813	24,836
Investment Objective - To seek targeted real estate investment in 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.			
Lone Star Real Estate Fund II, L.P.		5,639	5,925
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.			

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Lone Star Fund VII, L.P. 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.		6,078	7,270
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.		21,137	22,592
Oaktree Real Estate Opportunities Fund V, L.P. Investment Objective - To target distressed real estate debt and equity investments that provide an opportunity for substantial long-term capital appreciation and current income. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		21,500	21,963
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	12,754
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 by making debt and debt-like investments in real estate assets. Redemption Provisions - Upon termination of partnership. A detail of the underlying investments is not available.		28,690	26,195
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	37,134
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	57,966
Total Investments in Other Funds - 48.9%		286,928	313,063
<u>Equity Securities</u>			
<i>Australia</i>			
Centro Retail Australia	83,000	164	168
CFS Retail Property Trust	91,957	169	183
Dexus Property Group	327,200	263	312
Goodman Group	90,405	279	340
GPT Group	120,880	345	408
Investa Office Fund	52,100	118	145
Mirvac Group	44,800	57	59
Stockland	167,100	613	528
Westfield Group	89,600	893	873
Westfield Retail Trust	131,690	270	385
<i>Total Australia - 0.5%</i>		3,171	3,401
<i>Bermuda</i>			
Great Eagle Holdings Ltd	15,000	44	38
Hongkong Land Holdings	143,084	861	817
Kerry Properties Ltd	185,800	945	792

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Shangri-La Asia Ltd	240,416	544	458
<i>Total Bermuda - 0.3%</i>		2,394	2,105
<i>Brazil</i>			
Sonae Sierra Brasil - 0.0%	3,800	46	55
<i>Canada</i>			
Boardwalk	11,900	548	684
Calloway	6,200	141	170
Canadian	3,000	100	120
Cominar Real Estate Investment	2,600	52	61
Primaris Retail	2,500	46	58
RioCan	43,584	1,040	1,184
<i>Total Canada - 0.4%</i>		1,927	2,277
<i>Cayman Islands</i>			
Agile Property Holdings Ltd	139,000	170	178
China Resources Land Ltd	76,000	149	155
Country Garden Holdings Co	444,787	180	174
Lifestyle International Hldngs	310,000	704	676
Longfor Properties	55,000	78	86
<i>Total Cayman Islands - 0.2%</i>		1,281	1,269
<i>China</i>			
Guangzhou R&F Properties Corp - 0.0%	185,000	284	243
<i>France</i>			
Fonciere des Regions	832	62	60
ICADE	6,810	716	515
Klepierre	14,634	519	481
Societe Immobiliere de Locatio	860	106	82
Unibail-Rodamco	6,740	1,362	1,241
<i>Total France - 0.4%</i>		2,765	2,379
<i>Germany</i>			
Deutsche Wohnen AG-BR	2,800	44	47
GSW Immobilien AG	5,707	164	195
<i>Total Germany - 0.0%</i>		208	242
<i>Hong Kong</i>			
China Overseas Land & Invstmnt	320,000	654	742
Hang Lung Properties Ltd	270,000	1,133	912
Hysan Development Company	193,192	705	730
Link REIT	118,600	399	484
Sino Land Company Ltd.	131,612	196	197
Sun Hung Kai Properties Ltd	47,552	724	559
Wharf Hldgs Ltd	76,720	465	421
<i>Total Hong Kong - 0.6%</i>		4,276	4,045
<i>Japan</i>			
AEON Mall Company Ltd	26,000	593	550
Daiwa House Industry Co Ltd	42,000	458	593
Japan Real Estate Inv Corp	34	305	311
Japan Retail Fund Inv Corp	88	125	140
Kenedix Realty Investment Corp	22	79	71
Mitsubishi Estate Co Ltd	75,137	1,285	1,335
Mitsui Fudosan Co Ltd	84,600	1,518	1,622
Nippon Accommodations Fund	12	78	78
Nippon Building Fund Inc	9	86	87
Nomura Real Estate Holdings	7,100	130	129
Sumitomo Realty & Development	4,000	83	97
Tokyo Tatemono Company Ltd	45,000	156	168
United Urban Investment Corp	56	59	60
<i>Total Japan - 0.8%</i>		4,955	5,241

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<i>Netherlands</i>			
Corio NV - 0.0%	4,674	261	205
<i>Singapore</i>			
CapitaCommercial Trust	257,000	273	257
CapitaLand Ltd	305,804	854	652
CapitaMall Trust	112,000	164	169
City Developments Ltd	66,000	582	584
Global Logistic Properties	121,700	191	201
Keppel Land Ltd	41,000	108	104
Wing Tai Holdings Ltd	176,000	230	185
<i>Total Singapore - 0.3%</i>		2,402	2,152
<i>Spain</i>			
Melia International SA - 0.1%	60,000	506	349
<i>Sweden</i>			
Castellum AB	28,288	342	342
Hufvudstaden AB	6,780	71	73
<i>Total Sweden - 0.1%</i>		413	415
<i>Thailand</i>			
Central Pattana Public Company - 0.1%	325,200	301	476
<i>United Kingdom</i>			
British Land Company PLC	24,416	191	195
Derwent London PLC	30,740	722	893
Great Portland Estates PLC	74,974	387	463
Hammerson PLC	107,370	706	746
Land Securities Group PLC	88,805	942	1,029
Safestore Holdings PLC	33,000	66	53
SEGRO	30,062	118	102
Shaftesbury PLC	33,433	218	270
<i>Total United Kingdom - 0.6%</i>		3,350	3,751
<i>United States</i>			
Alexandria Real Estate Equity	6,200	446	451
American Campus Communities	8,300	252	373
American Tower REIT Inc	2,900	193	203
Apartment Investment & Mgmt Co	82,000	2,053	2,216
Apartment Investment & Mgmt Co - Preferred Stock	315,000	7,881	7,884
Ashford Hospitality Trust - Preferred Stock	13,000	307	325
Avalonbay Communities Inc	28,900	3,712	4,088
BioMed Realty Trust Inc	81,150	1,483	1,516
Boston Properties Inc	41,200	3,894	4,465
Brandywine Realty Trust - Preferred Stock	16,702	415	424
BRE Properties Inc	7,500	324	375
Brookfield Properties Corp	42,300	703	737
CBL & Associates Properties - Preferred Stock	218,350	5,326	5,579
Colonial Properties Trust	75,100	1,571	1,663
Commonwealth REIT - Preferred Stock	75,000	1,852	2,036
Corporate Office Properties	55,350	1,268	1,301
DDR Corp	50,700	607	742
DDR Corp - Preferred Stock	100,000	2,495	2,507
Douglas Emmett Inc	17,700	350	409
Duke Realty Corp - Preferred Stock	480,000	12,528	12,619
Equity Lifestyle Properties - Preferred Stock	100,000	2,523	2,610
Equity Residential	112,250	6,408	7,000
Essex Property Trust Inc	9,100	1,104	1,401
Extra Space Storage Inc	44,650	1,164	1,366
Federal Realty Investment Trst	15,500	1,355	1,613
General Growth Properties Inc	183,934	2,897	3,327
Glimcher Realty Trust - Preferred Stock	215,000	5,160	5,429
HCP Inc	115,850	4,611	5,114

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Health Care REIT	69,550	3,714	4,055
Highwoods Properties Inc	4,400	141	148
Host Hotels & Resorts Inc	243,550	3,784	3,853
Hudson Pacific Properties - Preferred Stock	500,000	12,593	13,330
Kilroy Realty Corporation	6,000	268	290
Kimco Realty Corporation	17,600	322	335
Liberty Property Trust	10,800	349	398
Macerich Company	43,400	2,246	2,563
Mack-Cali Realty Corp	73,150	2,025	2,126
Parkway Properties Inc - Preferred Stock	63,000	1,581	1,578
Pebblebrook Hotel Trust	4,200	83	98
Post Properties Inc	7,000	292	343
Prologis Inc	166,381	5,205	5,529
Public Storage	41,750	5,411	6,029
Regency Centers Corp	48,500	2,042	2,307
Simon Property Group	70,970	8,762	11,047
SL Green Realty Corp	47,150	3,342	3,783
SL Green Realty Corp - Preferred Stock	389,000	9,741	9,904
STAG Industrial Inc - Preferred Stock	45,750	1,150	1,182
Starwood Hotels & Resorts Inc	29,350	1,572	1,556
Tanger Factory Outlet Centers	6,400	160	205
Taubman Centers Inc	9,400	445	725
Taubman Centers Inc - Preferred Stock	41,000	1,035	1,043
UDR Inc	123,050	3,074	3,180
Ventas Inc	85,800	4,444	5,415
Vornado Realty Trust	40,450	3,288	3,397
<i>Total United States - 25.4%</i>		<u>149,951</u>	<u>162,192</u>
Total Equity Securities - 29.8%		178,491	190,797
<u>Short-term Issues</u>			
Dreyfus Cash Management Institutional Fund - 2.9%	18,676,948	18,677	18,677

(Continued)

See accompanying notes to financial statements.

Real Estate Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Coupon	Yield	Maturity	Par Value, Shares or Contracts	Amortized Cost	Fair Value
<u>Corporate Issues</u>						
<i>Corporate Bonds</i>						
Colonial Realty LP	6.150 %	2.714 %	04/15/2013	1,836	\$ 1,885	\$ 1,883
Colonial Realty LP	6.250	3.959	06/15/2014	9,793	10,212	10,370
Colonial Realty LP	5.500	4.489	10/01/2015	6,759	6,963	7,147
Colonial Realty LP	6.050	4.951	09/01/2016	2,000	2,082	2,158
Commonwealth REIT	5.750	4.215	11/01/2015	1,226	1,284	1,277
Commonwealth REIT	6.250	4.845	08/15/2016	4,000	4,208	4,221
Commonwealth REIT	6.250	5.024	06/15/2017	5,000	5,266	5,349
Corporate Office Property LP	4.250	4.469	04/15/2030	19,518	18,997	19,201
DDR Corp	9.630	4.919	03/15/2016	2,772	3,209	3,367
Equity One, Inc	6.000	4.272	09/15/2016	400	426	440
Health Care REIT	3.630	3.886	03/15/2016	12,000	11,894	12,337
Health Care REIT	6.200	4.217	06/01/2016	1,100	1,178	1,211
Hospitality Properties Trust	5.130	4.362	02/15/2015	1,440	1,467	1,482
Kilroy Realty Corporation	5.000	3.817	11/03/2015	2,212	2,293	2,354
Prolgois LP	5.630	4.078	11/15/2015	2,560	2,683	2,790
Prolgois LP	5.750	4.069	04/01/2016	6,000	6,347	6,552
Prolgois LP	2.630	2.671	05/15/2038	11,500	11,401	11,500
Reckson Operating Partnership	5.880	4.083	08/15/2014	6,586	6,823	6,892
Reckson Operating Partnership	6.000	4.561	03/31/2016	7,250	7,606	7,705
Rouse Company	5.380	5.375	11/26/2013	4,701	4,701	4,748
Senior Housing Prop Trust	4.300	4.627	01/15/2016	1,435	1,419	1,436
Total Corporate Bonds - 17.9%					112,344	114,420
Total Investment Securities - 99.5%					\$ 596,440	\$ 636,957
<u>Collateral for Securities Loaned</u>						
BNY Mellon Securities Lending Overnight Fund					\$ 4,163	\$ 4,163
Mellon SL DBT II Liquidating Fund					38	37
Total Collateral for Securities Loaned					\$ 4,201	\$ 4,200

See accompanying notes to financial statements.

Real Estate Pool

Statement of Operations Year Ended June 30, 2012 *(Amounts in thousands)*

Investment income

Interest	\$	2,448
Operating income from real estate partnerships		1,938
Dividends, net of foreign withholding taxes		5,458
Fund closing interest		108
Net amortization		(387)
Securities lending income		7
Securities lending borrower premiums		44
		<hr/>
Total investment income		9,616

Expenses

Investment advisor fees		(1,253)
Trustee fees		(1)
Custodian bank fees		(84)
Management fees		(136)
Fiduciary bond fees		(1)
Professional service fees		(522)
Management fees - external		(1,083)
Securities lending agent fees		(10)
		<hr/>
Total expenses		(3,090)
		<hr/>
Investment income, net		6,526

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

Net realized gain from:		
Investments		3,397
Foreign currency transactions		138
Net increase (decrease) in the fair value of:		
Investments		31,145
Translation of assets and liabilities in foreign currencies		(1,025)
		<hr/>
Net gain from investments and foreign currency		33,655
		<hr/>
Net increase in net assets from operations	\$	40,181
		<hr/> <hr/>

See accompanying notes to financial statements.

Real Estate Pool

Statement of Changes in Net Assets

Year Ended June 30, 2012

(Amounts in thousands, except unit data)

Operations

Investment income, net	\$	6,526
Net realized gain from investments		3,397
Net realized gain from foreign currency transactions		138
Net increase in the fair value of investments		31,145
Net decrease in the translation of assets and liabilities in foreign currencies		<u>(1,025)</u>

Net increase in net assets from operations 40,181

Unit transactions

Proceeds from sale of units		353,575
Amount paid for repurchase of units		<u>(1,394)</u>

Net increase in net assets from unit transactions 352,181

Increase in net assets 392,362

Net assets, beginning of period 247,831

Net assets, end of period \$ 640,193

Unit data

Units sold		39,055,838
Units repurchased		<u>(156,003)</u>

Net increase in units 38,899,835

See accompanying notes to financial statements.

Real Estate Pool

Statement of Cash Flows Year Ended June 30, 2012 (Amounts in thousands)

Cash flows from operating activities

Net increase in net assets from operations	\$	40,181
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Purchase of investment securities		(427,156)
Proceeds from disposition of investment securities		72,876
Purchases and sales of short-term investment securities, net		(1,666)
Increase in receivable for investments sold		(3,825)
Increase in foreign tax withholding receivable		(4)
Increase in interest receivable		(1,158)
Increase in dividends receivable		(1,036)
Increase in securities lending receivable		(4)
Increase in accrued expenses		325
Increase in payable for investments purchased		2,537
Net amortization		387
Net realized gain from investments		(3,397)
Net realized gain from foreign currency transactions		(138)
Net increase in the fair value of investments		(31,145)
Net decrease in the translation of assets and liabilities in foreign currencies		1,025

Net cash used in operating activities (352,198)

Cash flows from financing activities

Proceeds from units sold	353,575
Paid for repurchase of units	(1,394)

Net cash provided by financing activities 352,181

Net change in cash (17)

Cash

Beginning balance	-
Ending balance	\$ (17)

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 accompanying financial statements reflect only the investments and investment related operations of the IMB's Real Estate 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 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., CBRE Clarion Securities, LLC., and Security Capital Research & Management Inc.

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 \$313,063 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

Real Estate Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2012. 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, 2012.

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

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, 2012.

Real Estate Pool

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

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes	Baa	BBB-	\$ 114,420	18.0%
Regulated investment companies	Aaa	AAA	18,677	3.0
Total rated investments			<u>\$ 133,097</u>	<u>21.0%</u>

Unrated securities include equity securities valued at \$190,797 and investments in other funds valued at \$313,063. These unrated securities represent 79.0 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, 2012, 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, 2012, 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, 2012.

Security Type	Fair Value	Modified Duration (years)
Corporate bonds and notes	\$ 114,420	6.0
Regulated investment companies	18,677	0.0
Total assets	<u>\$ 133,097</u>	<u>5.2</u>

Foreign Currency Risk

The Pool has real estate investment trusts, shares of an institutional commingled fund, 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, 2012 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, 2012 are as follows:

Currency	Securities	Cash	Total
Australian Dollar	\$ 3,401	\$ -	\$ 3,401
Brazil Real	55	-	55
British Pound	11,622	-	11,622
Canadian Dollar	2,914	-	2,914
Euro Currency Unit	4,516	4	4,520
Hong Kong Dollar	6,843	11	6,854
Japanese Yen	5,662	-	5,662
Polish Zloty	845	-	845
Singapore Dollar	2,152	-	2,152
South Korean Won	549	-	549
Swedish Krona	415	-	415
Thailand Baht	476	-	476
Total	<u>\$ 39,450</u>	<u>\$ 15</u>	<u>\$ 39,465</u>

Real Estate Pool

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

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

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 \$597,475.

NOTE 4. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 114,420	\$ -	\$ 114,420
Equity securities	190,797	-	-	190,797
Regulated investment companies	-	18,677	-	18,677
Investments in other funds	-	-	313,063	313,063
Securities lending collateral funds	-	4,200	-	4,200
Total	<u>\$ 190,797</u>	<u>\$ 137,297</u>	<u>\$ 313,063</u>	<u>\$ 641,157</u>

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2012 was as follows:

	Investments in other funds
Balance at June 30, 2011	\$ 175,132
Net realized gain	2,506
Net change in unrealized appreciation	21,519
Purchases	121,518
Sales	(7,612)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2012	<u>\$ 313,063</u>

Real Estate Pool

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

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2012.

Fair value of securities on loan	\$	3,963			
Initial collateral received:		<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	
Cash	\$	<u>4,201</u>	\$ 4,200	<u>\$ (1)</u>	
Non-cash			-		
Total			<u>\$ 4,200</u>		

NOTE 6. COMMITMENTS

The IMB, with the assistance of its consultant, began implementing its plan to invest in real estate in February 2008. The IMB committed \$595,000 to eighteen real estate investment funds/partnerships. The IMB had funded \$287,918 of these commitments at June 30, 2012, leaving unfunded commitments of \$307,082.

NOTE 7. FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2012, 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	Australian Dollar	06/27/2012	07/02/2012	35	\$ 35		\$ 35	\$ -
Long	Euro Currency Unit	06/28/2012	07/02/2012	1	2		2	-
Long	Hong Kong Dollar	06/29/2012	07/03/2012	95	12		12	-
Short	British Pound	06/27/2012	07/02/2012		9	6	9	-
Short	British Pound	06/28/2012	07/03/2012		4	3	4	-
Short	British Pound	06/29/2012	07/05/2012		14	9	14	-
Short	Euro Currency Unit	06/27/2012	07/02/2012		4	3	4	-
Short	Hong Kong Dollar	06/28/2012	07/03/2012		21	160	21	-
Short	Hong Kong Dollar	06/29/2012	07/03/2012		-	1	-	-
Short	Hong Kong Dollar	06/29/2012	07/03/2012		1	8	1	-
Short	Hong Kong Dollar	06/29/2012	07/03/2012		9	73	9	-
Short	Hong Kong Dollar	06/29/2012	07/05/2012		13	102	13	-
Short	Singapore Dollar	06/27/2012	07/02/2012		3	4	3	-
Short	Singapore Dollar	06/28/2012	07/03/2012		2	2	2	-
Short	Singapore Dollar	06/29/2012	07/05/2012		3	4	3	-
					<u>\$ 132</u>		<u>\$ 132</u>	<u>\$ -</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 to the Pool.

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, 2011	\$	8.96
Income from investment operations:		
Net investment income		0.14
Net realized and unrealized gain on investment transactions		0.54
Net decrease in the translation of assets and liabilities in foreign currencies		(0.02)
Total from investment operations		0.66
Net asset value at June 30, 2012	\$	9.62

Time-weighted Total Return * 7.5%

Supplemental Data:

Net assets, end of period	\$	640,193
Ratio to average net assets:		
Expenses **		0.72%
Net investment income **		1.52%
Portfolio turnover rate		18.08%

* 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, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 312,255
Public Employees' Retirement System	273,496
State Police Death, Disability and Retirement Fund	29,721
Judges' Retirement System	7,928
Deputy Sheriff's Retirement System	7,273
State Police Retirement System	4,829
Wildlife Endowment Fund	2,503
Emergency Medical Services Retirement System	2,177
Municipal Police Officers' and Firefighters' Retirement System	11
Total	\$ 640,193

NOTE 10. SUBSEQUENT EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

June 30, 2012

Hedge Fund Pool

Hedge Fund Pool

Audited Financial Statements June 30, 2012

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

Independent Auditors' Report

Board of Trustees
The West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities of The West Virginia Investment Management Board (WVIMB) Hedge Fund Pool, including the schedule of investments in securities, as of June 30, 2012, and the related statements of operations, changes in net assets, and cash flows for the year then ended. 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 generally accepted accounting principles established by the Financial Accounting Standards Board and American Institute of Certified Public Accountants applicable to investment companies, which is a comprehensive basis of accounting other than 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, 2012, and the results of its operations, changes in net assets, and cash flows for the year then ended, on the basis of accounting described in note 1.

KPMG LLP

September 20, 2012

Hedge Fund Pool

Statement of Assets and Liabilities

June 30, 2012

(Amounts in thousands, except unit data)

Assets

Investment securities at fair value	\$ 1,033,463
Advance on investment in other funds (Note 5)	130,000
Receivables:	
Investments sold	69,372
Accrued Interest	15
Dividends	9
	<hr/>
Total assets	1,232,859

Liabilities

Accrued expenses	<hr/> 186
Net assets	<u><u>\$ 1,232,673</u></u>

Analysis of net assets

Paid-in capital	\$ 1,127,693
Accumulated undistributed net investment loss	(3,447)
Accumulated undistributed net realized gain from investments	9,784
Unrealized net appreciation of investments	98,643
	<hr/>
Net assets	<u><u>\$ 1,232,673</u></u>

Unit data

Units outstanding	112,539,354
Net asset value, unit price	<u><u>\$ 10.95</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

*****Schedule of Investments in Securitu

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
<u>Investments in Other Funds</u>			
AllBlue Limited		\$ 48,048	\$ 67,819
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.			
AQR Delta Offshore Fund II, Ltd.		29,975	29,900
Investment Objective - To produce high, risk-adjusted returns while targeting a low, long-term correlation to traditional markets.			
Redemption Provisions - Semi-monthly with 15 days prior written notice.			
A detail of the underlying investments is not available.			
Anchorage Capital Partners Offshore, Ltd.		30,000	30,696
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.			
Brevan Howard Fund Limited		38,256	50,602
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 Ltd.		38,624	54,344
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, Ltd.		13,900	14,789
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.			
CQS Convertible & Quantitative Strategies		33,234	32,422
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.			

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
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.		57,917	72,774
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	60,429
GoldenTree 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	40,887
Graham Global Investment Fund II, Ltd. Investment Objective - To achieve long-term capital appreciation through professionally managed trading in derivative instruments of global fixed income, foreign exchange, commodities, and other stock indices. Redemption Provisions - Monthly with 3 days prior written notice. A detail of the underlying investments is not available.		30,000	25,140
Highbridge Capital Corporation 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 - 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.		12,135	12,900
Ivory Offshore Flagship Fund, Ltd. 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.		27,487	29,445

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
Magnetar Capital Fund II, Ltd. 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.		73,638	76,022
MW Eureka Fund 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 30 days prior written notice. A detail of the underlying investments is not available.		45,000	48,301
M&G Episode Inc. 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.		28,247	27,658
O'Connor Global Multi-Strategy Alpha, Ltd. 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	69,104
OZ Asia Overseas Fund, Ltd. 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	42,136
Perry Partners International, Inc. 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	68,060
Pershing Square International, Ltd. Investment Objective - To invest in long and short investment opportunities that exhibit significant valuation discrepancies between current trading prices and intrinsic business value. Redemption Provisions - Hard lockup until September 2013, then quarterly with 65 days prior written notice subject to maximum withdrawal restrictions. A detail of the underlying investments is not available.		30,000	32,855

See accompanying notes to financial statements.

Hedge Fund Pool

Schedule of Investments in Securities (continued)

June 30, 2012

(Amounts in thousands, except share data)

Security Name	Shares	Amortized Cost	Fair Value
PFM Diversified Offshore Fund Investment Objective - To generate attractive risk-adjusted capital appreciation by employing a variety of strategies primarily focused in liquid equity markets. Redemption Provisions - Eighty-five percent lockup until January 2015, then every three years with 45 days prior written notice and subject to maximum withdrawal restrictions. A detail of the underlying investments is not available.		45,000	43,951
Shepherd Investments International, Ltd. 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.		3,023	3,017
Taconic Opportunity Offshore Fund Ltd. 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.		60,000	64,744
Tenor Opportunity Fund, Ltd. 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.		29,999	30,866
VICIS Capital Fund (International) The IMB has elected to withdraw from the VICIS Capital fund. Our redemption has been requested and proceeds will be paid to us as investments are liquidated.		16,620	4,124
Total Investment in Other Funds - 83.8%		934,342	1,032,985
Short-term Issues			
Dreyfus Cash Management Institutional Fund - 0.0%	477,568	478	478
Total Investment Securities 83.8%		\$ 934,820	\$ 1,033,463

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Assets
Year Ended June 30, 2012
(Amounts in thousands, except unit data)

Operations

Investment loss, net	\$	(879)
Net realized gain from investments		811
Net decrease in the fair value of investments		<u>(3,204)</u>
Net decrease in net assets from operations		(3,272)

Unit transactions

Proceeds from sale of units		188,303
Amount paid for repurchase of units		<u>(25,281)</u>
Net increase in net assets from unit transactions		<u>163,022</u>

Increase in net assets 159,750

Net assets, beginning of period 1,072,923

Net assets, end of period \$ 1,232,673

Unit data

Units sold		17,249,257
Units repurchased		<u>(2,321,162)</u>
Net increase in units		<u><u>14,928,095</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Cash Flows
Year Ended June 30, 2012
(Amounts in thousands)

Cash flows from operating activities

Net decrease in net assets from operations	\$ (3,272)
Adjustments to reconcile net decrease in net assets from operations to net cash used in operating activities:	
Purchase of investment securities	(152,500)
Proceeds from disposition of investment securities	105,512
Purchases and sales of short-term investment securities, net	3,693
Increase in advance on investment in other securities	(100,000)
Increase in receivable for investments sold	(18,908)
Increase in accrued interest receivable	(15)
Increase in dividends receivable	(7)
Increase in accrued expenses	82
Net realized gain from investments	(811)
Net decrease in the fair value of investments	3,204
	<hr/>
Net cash used in operating activities	(163,022)

Cash flows from financing activities

Proceeds from units sold	188,303
Paid for repurchase of units	(25,281)
	<hr/>
Net cash provided by financing activities	163,022
	<hr/>
Net change in cash	-

Cash

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

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 \$1,032,985 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, 2012. 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, 2012.

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, 2012, approximately \$428,621 or 41 percent, of the market value of the funds were held in foreign currencies.

NOTE 4. 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:

Hedge Fund Pool

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

NOTE 4. 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, 2012:

Assets	Level 1	Level 2	Level 3	Total
Investments in other funds	\$ -	\$ -	\$ 1,032,985	\$ 1,032,985
Regulated investment companies	-	478	-	478
Total	\$ -	\$ 478	\$ 1,032,985	\$ 1,033,463

There were no transfers in or out of Levels 1 and 2 during the year ended June 30, 2012.

The reconciliation of the beginning and ending balances of Level 3 investments for the year ended June 30, 2012 was as follows:

	Investments in other funds
Balance at June 30, 2011	\$ 988,390
Net realized gain	811
Net change in unrealized depreciation	(3,204)
Purchases	152,500
Sales	(105,512)
Net transfers in/(out) of Level 3	-
Balance at June 30, 2012	\$ 1,032,985

NOTE 5. ADVANCE ON INVESTMENTS IN OTHER FUNDS

On June 28, 2012 the IMB funded \$10 million to Anchorage Capital Group, L.L.C. As of June 30, 2012, this amount has been recorded as an advance on investments in other funds. The terms of Anchorage Capital Partners Offshore, Ltd. require subscription amounts to be received at least one day in advance of the subscription day which occurred on July 1, 2012 for the IMB.

On June 28, 2012 the IMB funded \$10 million to Marshall Wace Funds plc. As of June 30, 2012, this amount has been recorded as an advance on investments in other funds. The terms of MW Eureka Fund require subscription amounts to be received at least two days in advance of the subscription day which occurred on July 1, 2012 for the IMB.

On June 28, 2012 the IMB funded \$60 million to Pine River Capital Management L.P. As of June 30, 2012, this amount has been recorded as an advance on investments in other funds. The terms of Pine River Fund Ltd. require subscription amounts to be received at least one day in advance of the subscription day which occurred on July 1, 2012 for the IMB.

Hedge Fund Pool

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

NOTE 5. ADVANCE ON INVESTMENTS IN OTHER FUNDS (continued)

On June 28, 2012 the IMB funded \$50 million to Scopia Fund Management, LLC. As of June 30, 2012, this amount has been recorded as an advance on investments in other funds. The terms of Scopia PX International Limited require subscription amounts to be received at least one day in advance of the subscription day which occurred on July 1, 2012 for the IMB.

NOTE 6. FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:	
Net asset value at June 30, 2011	\$ 10.99
Income from investment operations:	
Net investment loss	(0.01)
Net realized and unrealized loss on investment transactions	(0.03)
Total from investment operations	(0.04)
Net asset value at June 30, 2012	\$ 10.95
Time-weighted Total Return *	-0.3%
Supplemental Data:	
Net assets, end of period	\$ 1,232,673
Ratio to average net assets:	
Expenses **	0.08%
Net investment income **	-0.08%
Portfolio turnover rate	10.01%

* 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, 2012.

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 509,625
Public Employees' Retirement System	443,916
West Virginia Retiree Health Benefit Trust	88,796
Coal Workers' Pneumoconiosis Fund	51,312
State Police Death, Disability and Retirement Fund	48,974
Board of Risk and Insurance Management	27,434
Public Employees Insurance Agency	18,261
Judges' Retirement System	12,917
Deputy Sheriff's Retirement System	11,851
State Police Retirement System	7,950
Wildlife Endowment Fund	4,055
Emergency Medical Services Retirement System	3,579
Workers' Compensation Self-Insured Guaranty Risk Pool	2,168
Workers' Compensation Uninsured Employers' Fund	1,819
Municipal Police Officers' and Firefighters' Retirement System	16
Total	\$ 1,232,673

Hedge Fund 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, 2012 through September 20, 2012, the date the Pool's financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.

Audited Financial Statements

Administrative Fund

Audited Financial Statements

June 30, 2012

Administrative Fund

Administrative Fund

Audited Financial Statements June 30, 2012

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Administrative Fund

Management's Discussion and Analysis (Unaudited)

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, 2012. 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 \$34 million as compared to \$32 million for the previous fiscal year. The change primarily results from an increase in fees attributed to higher assets under management. Assets of the investment pools managed by the IMB increased by \$416 million from the previous year.
- Fees paid to outside investment advisors increased by \$2.5 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 20.9 basis points for the year as compared to 19.9 basis points for the previous year.
- Custodian bank fees decreased by \$265,000 from the previous year largely as a result of lower transaction costs which can be attributed to completing manager transitions in the prior year. The effect of the increase in assets was minimized as a result of a full year at a revised lower custody fee schedule adopted during the prior year.
- Fees for professional services increased by \$102,000. This increase is primarily attributable to higher legal fees.
- Administrative expenses increased by \$131,000, or 3.5 percent from the previous year. The expense ratio for administrative expenses was 3.1 basis points of average net assets which is the same as the previous year. Salaries increased by \$122,000 from \$2,114,000 to \$2,236,000. This was partially offset by a reduction in healthcare costs of \$51,000. In total, administrative expenses were \$1,132,000 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 (Unaudited)

FINANCIAL ANALYSIS

The IMB Administrative Fund's total assets as of June 30, 2012, were \$11.4 million, and were mostly comprised of cash and cash equivalents and receivables for investment service fees. This was \$1.0 million higher than the previous year.

Total liabilities as of June 30, 2012, were \$7.0 million, consisting of invoices payable and accrued liabilities for investment management and consulting fees, custodial fees, and administrative expenses. This also was \$1.0 million higher than the previous year.

The increases in assets and liabilities can be primarily attributed to higher fees payable to investment advisors. This in turn results in higher receivables from the investment portfolios.

Table 1 Net Assets and Assets Under Management (In thousands)	2012	2011
Cash and cash equivalents	\$ 5,930	\$ 6,183
Receivables	5,257	4,026
Other assets	<u>179</u>	<u>155</u>
Total assets	11,366	10,364
Total liabilities	<u>(6,959)</u>	<u>(6,022)</u>
Net assets	<u>\$ 4,407</u>	<u>\$ 4,342</u>
Composition of net assets:		
Invested in capital assets	\$ 99	\$ 40
Unrestricted	4,308	4,302
Assets under management at June 30	\$ 13,173,093	\$ 12,757,293

Table 2 Changes in Net Assets (In thousands)	2012	2011	Percentage Change
Investment service fees	\$ 34,426	\$ 31,950	7.7%
Expenses			
Advisor fees	(26,754)	(24,290)	10.1%
Custodian fees	(1,030)	(1,295)	-20.5%
Trustee fees	(40)	(50)	-20.0%
Fiduciary bond expense	(44)	(51)	-13.7%
Professional service fees	(2,580)	(2,477)	4.1%
Administrative expenses	<u>(3,914)</u>	<u>(3,783)</u>	<u>3.5%</u>
Operating profit	64	4	n/a
Non-operating revenues	<u>1</u>	<u>1</u>	<u>n/a</u>
Increase in net assets	65	5	n/a
Net assets – beginning of year	<u>4,342</u>	<u>4,337</u>	<u>0.1%</u>
Net assets – end of year	<u>\$ 4,407</u>	<u>\$ 4,342</u>	<u>1.5%</u>

CAPITAL ASSETS

The IMB Administrative Fund made acquisitions of capital assets totaling \$79,329 during the current fiscal year. Also, there were no disposals of capital assets.

Administrative Fund

Management's Discussion and Analysis (Unaudited)

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
The 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, 2012, and the related statements of revenues, expense, 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 described 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, 2012, 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, 2012, and the changes in its net assets, and its cash flows for the year then ended in conformity with generally accepted accounting principles.

U.S. generally accepted accounting principles require that management's discussion and analysis on pages i–iii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical



Board of Trustees
The West Virginia Investment Management Board
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context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

September 20, 2012

Administrative Fund

Statement of Net Assets June 30, 2012

Assets

Current assets:

Cash and cash equivalents	\$ 5,930,249
Accounts receivable	5,257,072
Prepaid expenses	79,497
Dividend receivable	49

Total current assets 11,266,867

Capital assets:

Equipment	652,962
Office furniture	115,231
Other depreciable property	46,750
Leasehold improvements	45,492
Less accumulated depreciation	(761,190)

Total capital assets (net of accumulated depreciation) 99,245

Total assets 11,366,112

Liabilities

Current liabilities:

Accounts payable and accrued expenses	6,959,600
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Total current liabilities 6,959,600

Total liabilities 6,959,600

Net assets

Invested in capital assets	99,245
Unrestricted	4,307,267

Total net assets \$ 4,406,512

See accompanying notes to financial statements.

Administrative Fund

Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2012

Operating revenues

Investment service fees	<u>\$ 34,426,449</u>
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Total operating revenues	<u>34,426,449</u>
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Operating expenses

Advisor fees	26,753,943
Custodian fees	1,030,440
Trustee fees	40,000
Fiduciary bond expenses	43,800
Professional service fees	2,579,864
Administrative expenses	<u>3,914,210</u>

Total operating expenses	<u>34,362,257</u>
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Operating income	64,192
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Nonoperating revenues

Dividend income	<u>679</u>
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Total nonoperating revenues	<u>679</u>
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Increase in net assets	64,871
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Net assets, beginning of year	<u>4,341,641</u>
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Net assets, end of year	<u><u>\$ 4,406,512</u></u>
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See accompanying notes to financial statements.

Administrative Fund

Statement of Cash Flows Year Ended June 30, 2012

Cash flows from operating activities

Cash received from customers	\$ 33,192,423
Cash paid to suppliers	(30,267,928)
Cash paid to employees	<u>(3,098,706)</u>

Net cash used in operating activities (174,211)

Cash flows from capital and related financing activities

Purchase of equipment	<u>(79,329)</u>
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Net cash used for capital and related financing activities (79,329)

Cash flows from investing activities

Dividends on investments	<u>689</u>
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Net cash provided by investing activities 689

Net decrease in cash and cash equivalents (252,851)

Cash and cash equivalents, beginning of year 6,183,100

Cash and cash equivalents, end of year \$ 5,930,249

Reconciliation of operating income to net cash provided in operating activities:

Operating income	\$ 64,192
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	20,050
Change in assets and liabilities:	
Increase in accounts receivable	(1,234,026)
Decrease in prepaid expenses	38,503
Increase in accounts payable and accrued expenses	<u>937,070</u>

Total adjustments (238,403)

Net cash provided in operating activities \$ (174,211)

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 No. 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.

Recently Issued Governmental Accounting Standards Board Pronouncements - GASB has issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", effective for periods beginning after December 15, 2011. This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The adoption of this GASB is not expected to have a material impact on the financial statements.

Administrative Fund

Notes to Financial Statements

NOTE 3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, being depreciated:				
Office equipment	\$ 620,383	\$ 32,579	\$ -	\$ 652,962
Office furniture	115,231	-	-	115,231
Other depreciable property	-	46,750	-	46,750
Leasehold improvements	45,492	-	-	45,492
Total capital assets, being depreciated	781,106	79,329	-	860,435
Less accumulated depreciation for:				
Office equipment	(580,417)	(20,050)	-	(600,467)
Office furniture	(115,231)	-	-	(115,231)
Other depreciable property	-	-	-	-
Leasehold improvements	(45,492)	-	-	(45,492)
Total accumulated depreciation	(741,140)	(20,050)	-	(761,190)
Capital assets, net	<u>\$ 39,966</u>	<u>\$ 59,279</u>	<u>\$ -</u>	<u>\$ 99,245</u>

Depreciation expense of \$20,050 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 year ended June 30, 2012 totaled \$201,259.

Subsequent to June 30, 2012, the IMB executed an amendment to extend the lease effective January 1, 2013 for an additional seven years through December 31, 2019, and, to acquire additional space of approximately 1,586 rentable square feet. Under the original and amended lease, beginning on January 1, 2013, 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 2012 amounts.

The following is a schedule of future minimum rental payments required under this lease:

Fiscal Years ending June 30:

2013	\$ 208,953
2014	\$ 231,625
2015	\$ 231,625
2016	\$ 231,625
2017	\$ 231,625
Thereafter	<u>\$ 810,688</u>
Total	<u>\$1,946,141</u>

Administrative Fund

Notes to Financial Statements

NOTE 5. EMPLOYEE BENEFIT PLANS

Retirement - The IMB provides a defined contribution money purchase pension plan (Pension Plan) covering all of its employees. An employee becomes eligible to participate in the Pension 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 year ended June 30, 2012 totaled \$210,888. The plan provides for a five-year vesting schedule with vesting increasing 20 percent per year.

Healthcare - On November 1, 2011 the IMB established the Defined Contribution Medical Plan (the Plan). The Plan is maintained for the exclusive benefit of employees and is a medical reimbursement plan under Internal Revenue Service Code Section 105(h). The Plan identifies the IMB as the Plan Administrator and authorizes the IMB to amend the Plan as needed.

On November 1 of each plan year, the IMB determines an amount to credit each eligible employee that is allocated to a Health Reimbursement Arrangement (HRA) account for each participant. Current annual credits are \$2,500 for single employees and \$5,000 for employees with qualifying spouses or dependents. These credits are to be used to reimburse participants for out-of-pocket medical expenses not covered by any other source. Medical Expenses shall be defined under Internal Revenue Service Code Section 213(d). Any amount remaining in a participant's HRA account at the end of the plan year shall be credited to the participant's account for the following year, in addition to the annual contribution. Upon separation from employment or retirement, a former employee or dependent will not continue to receive the annual credit but may use the remaining continued balance accumulated in the HRA account.

The IMB may at its discretion, through resolution of its Board of Directors, discontinue funding the annual credits or terminate the Plan at any time without liability for such discontinuance or termination.

Contributions made to the Plan by the IMB for the year ended June 30, 2012 were \$68,000.

NOTE 6. CASH AND INVESTMENT RISK

At June 30, 2012, 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 EVENTS

Management has performed an evaluation of events subsequent to June 30, 2012 through September 20, 2012, the date these financial statements were available for issuance. Management has determined that there were no significant subsequent events which have not been recognized in the Pool's financial statements that require disclosure.