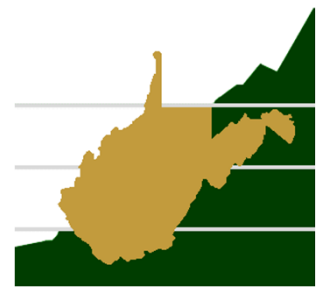


West Virginia Investment Management Board

Financial Statements

August 31, 2022



Financial Statements – Unaudited

August 31, 2022

Order of Presentation

Portable Alpha

Large Cap Domestic Equity

Non-Large Cap Domestic Equity

International Qualified

International Nonqualified

International Equity

Short-Term Fixed Income

Total Return Fixed Income

Core Fixed Income

TIPS

Private Markets

Hedge Fund

Financial Statements - Unaudited

August 31, 2022

Portable Alpha Pool

Financial Statements - Unaudited August 31, 2022

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Portable Alpha Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 1,976,125
Commingled equity fund	1,614,957
Fixed income investments	791,950
Derivative instruments	28,586
Money market mutual fund	788,954
Receivables:	
Investments sold	51,833
Interest and dividends	3,221
	<hr/>
Total assets	5,255,626

Liabilities

Cash received from brokers for derivative contracts	42,660
Cash overdraft	6,787
Accrued expenses	498
Payable for investments purchased	219,500
	<hr/>
Total liabilities	269,445
	<hr/>
Net position	\$ 4,986,181

Unit data

Units outstanding	106,450,920
Net position, unit price	<hr/> <hr/> \$ 46.84

See accompanying notes to financial statements.

Portable Alpha Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (210,946)	\$ 246,940
Interest and dividends	2,279	3,875
Total investment income (loss)	(208,667)	250,815
Expenses		
Investment advisor fees	(95)	(191)
Custodian bank fees	(3)	(5)
Management and other allocated fees	(138)	(277)
Professional service fees - direct	(12)	(25)
Total expenses	(248)	(498)
Net investment income (loss)	(208,915)	250,317
Unit transactions		
Proceeds from sale of units	460	141,575
Amount paid for repurchase of units	(156,124)	(156,124)
Net decrease from unit transactions	(155,664)	(14,549)
Increase (decrease) in net position	(364,579)	235,768
Net position, beginning of period	5,350,760	4,750,413
Net position, end of period	\$ 4,986,181	\$ 4,986,181

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

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 Portable Alpha 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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods. The Pool has three main components: 1) a domestic large capitalization equity beta replication manager and the related margin account, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity index manager. Russell Investments Implementation Services, LLC (Russell) is the equity beta replication manager. Russell primarily trades S&P 500 futures contracts and invests the margin account in fixed income securities and a money market mutual fund. Albourne America, LLC has been retained by the IMB to provide consulting services for the portfolio of alternative risk premia funds. Alternative risk premia funds are similar to hedge funds, but are fully systematic, fully transparent to investors, charge no performance fees, and are highly liquid. The remainder of the Pool's assets are invested in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Futures contracts are valued at the last settlement price established each day by the exchange on which they are traded.
- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Portable Alpha Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Investments in alternative risk premia funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. 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 IMB's interests in the funds. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of August 31, 2022.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

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 market risk associated with holding equity 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. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 August 31, 2022.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool are limited to equity index futures. These futures are not designated as hedging instruments under GASB Statement No. 53; they are used to obtain S&P 500 market exposure. See Notes 1 and 2 for additional information on the Pool's purpose for entering into derivatives and for discussion on the risks associated with investing in these derivatives.

The table below presents the fair value, the fiscal year to date net increase (decrease) in fair value, and the notional amount of derivative financial instruments outstanding as of and for the period ended August 31, 2022:

<u>Derivative Type</u>	<u>Fair Value</u>	<u>Net Increase (Decrease) in Fair Value of Investments</u>	<u>Notional Value</u>
Futures contracts:			
Equity index futures long	<u>\$ 28,586</u>	<u>\$ 152,601</u>	<u>\$ 3,885,283</u>

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at August 31, 2022. All of the Pool's investments in alternative risk premia funds (ARP) were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 58,289	\$ -	\$ 58,289
Commercial paper	-	132,619	-	132,619
Commingled equity fund	1,614,957	-	-	1,614,957
Corporate asset backed issues	-	10,319	-	10,319
Foreign corporate bonds	-	19,510	-	19,510
Futures contracts	28,586	-	-	28,586
Money market mutual fund	788,954	-	-	788,954
U.S. corporate bonds	-	14,110	-	14,110
U.S. Government agency bonds	-	128,645	-	128,645
U.S. Treasury bonds	-	286,114	-	286,114
U.S. Treasury inflation protected securities	-	142,344	-	142,344
Total	<u>\$ 2,432,497</u>	<u>\$ 791,950</u>	<u>\$ -</u>	<u>\$ 3,224,447</u>
Alternative risk premia funds				1,976,125
Total				<u>\$ 5,200,572</u>

The following table presents information on investments measured at the NAV as of August 31, 2022:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 361,998	Monthly	10 to 30 days
Multi-Premia (b)	1,493,253	Daily, Weekly, Semimonthly, Monthly	2 to 60 days
Relative-Value (c)	120,874	Monthly	30 days
	<u>\$ 1,976,125</u>		

- (a) Directional funds employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) Multi-premia funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through allocation adjustments based on market opportunities. Risk is managed through a variety of quantitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 9 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,186,081
Public Employees' Retirement System	1,954,152
West Virginia Retiree Health Benefit Trust Fund	369,353
State Police Death, Disability and Retirement Fund	188,600
Deputy Sheriff's Retirement System	71,813
State Police Retirement System	71,239
Judges' Retirement System	63,487
Emergency Medical Services Retirement System	27,608
Wildlife Endowment Fund	18,026
Municipal Policemen's or Firemen's Pension and Relief Funds	16,747
Municipal Police Officers' and Firefighters' Retirement System	6,765
Natural Resources Police Officer Retirement System	6,033
West Virginia State Parks and Recreation Endowment Fund	4,345
Berkeley County Development Authority	1,932
Total	<u>\$ 4,986,181</u>

Financial Statements - Unaudited

August 31, 2022

Large Cap Domestic Equity Pool

Financial Statements - Unaudited August 31, 2022

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Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Commingled equity fund	\$	316,015
Money market mutual fund		15,999
Receivables:		
Dividends		<u>1</u>
	Total assets	332,015

Liabilities

Accrued expenses		<u>22</u>
	Net position	<u>\$ 331,993</u>

Unit data

Units outstanding		7,201,108
Net position, unit price	\$	<u>46.10</u>

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (13,804)	\$ 14,778
Interest and dividends	1	1
Total investment income (loss)	(13,803)	14,779
Expenses		
Investment advisor fees	(2)	(4)
Management and other allocated fees	(9)	(18)
Total expenses	(11)	(22)
Net investment income (loss)	(13,814)	14,757
Unit transactions		
Proceeds from sale of units	8,411	10,636
Amount paid for repurchase of units	-	(2,218)
Net increase from unit transactions	8,411	8,418
Increase (decrease) in net position	(5,403)	23,175
Net position, beginning of period	337,396	308,818
Net position, end of period	\$ 331,993	\$ 331,993

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

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 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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. The Pool invests in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Open-end regulated investment companies and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value as determined in accordance with the IMB's established procedures.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 316,015	\$ -	\$ -	\$ 316,015
Money market mutual fund	15,999	-	-	15,999
Total	<u>\$ 332,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,014</u>

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 135,224
Revenue Shortfall Reserve Fund - Part B	56,856
West Virginia Department of Environmental Protection Agency	45,023
Coal Workers' Pneumoconiosis Fund	31,478
Board of Risk and Insurance Management	27,013
Public Employees Insurance Agency	17,041
Workers' Compensation Self-Insured Employer Security Risk Pool	7,361
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,464
West Virginia Department of Environmental Protection Trust	3,492
Workers' Compensation Uninsured Employers' Fund	2,395
Municipal Policemen's or Firemen's Pension and Relief Funds	646
Total	<u>\$ 331,993</u>

Financial Statements - Unaudited

August 31, 2022

Non-Large Cap Domestic Equity Pool

Financial Statements - Unaudited August 31, 2022

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Non-Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 987,558
Money market mutual fund	27,413
Securities lending collateral	169,125
Cash	16
Receivables:	
Investments sold	16,053
Dividends and other investment income	593
	<hr/>
Total assets	1,200,758

Liabilities

Accrued expenses	1,301
Payable for investments purchased	12,249
Payable upon return of securities loaned	169,125
	<hr/>
Total liabilities	182,675
	<hr/>
Net position	\$ 1,018,083

Unit data

Units outstanding	21,465,425
Net position, unit price	<hr/> <hr/> \$ 47.43

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (818)	\$ 93,982
Dividends	1,516	2,252
Securities lending income	335	577
Total investment income	1,033	96,811
Expenses		
Investment advisor fees	(643)	(1,245)
Custodian bank fees	(4)	(6)
Management and other allocated fees	(27)	(50)
Securities lending expenses	(291)	(488)
Total expenses	(965)	(1,789)
Net investment income	68	95,022
Unit transactions		
Proceeds from sale of units	56,734	69,696
Amount paid for repurchase of units	-	(438)
Net increase from unit transactions	56,734	69,258
Increase in net position	56,802	164,280
Net position, beginning of period	961,281	853,803
Net position, end of period	\$ 1,018,083	\$ 1,018,083

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

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 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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets are managed by Cooper Creek Partners Management LLC and Westfield Capital Management, LLC.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

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

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for U.S. securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received. The required percentage for cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned. The required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. 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. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. 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 Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. 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 that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 U.S. federal or state income taxes is required as of August 31, 2022.

In certain foreign countries, the Pool's dividend income and capital gains may be taxable. Taxes on dividend income are generally withheld from the payments 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. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic common stock	\$ 905,498	\$ -	\$ -	\$ 905,498
Foreign common stock	82,060	-	-	82,060
Money market mutual fund	27,413	-	-	27,413
Securities lending collateral	169,125	-	-	169,125
Total	<u>\$ 1,184,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,096</u>

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at August 31, 2022:

	Fair Value
Securities on loan	\$ 217,077
Collateral received:	
Cash	\$ 169,125
Non-cash	55,288
Total collateral received	\$ 224,413

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 417,940
Public Employees' Retirement System	374,778
West Virginia Retiree Health Benefit Trust Fund	70,667
State Police Death, Disability and Retirement Fund	35,794
Workers' Compensation Old Fund	26,110
Deputy Sheriff's Retirement System	13,724
State Police Retirement System	13,508
Judges' Retirement System	12,140
Revenue Shortfall Reserve Fund - Part B	11,027
West Virginia Department of Environmental Protection Agency	8,656
Coal Workers' Pneumoconiosis Fund	6,138
Emergency Medical Services Retirement System	5,253
Board of Risk and Insurance Management	5,193
Wildlife Endowment Fund	3,449
Public Employees Insurance Agency	3,348
Municipal Policemen's or Firemen's Pension and Relief Funds	3,303
Workers' Compensation Self-Insured Employer Security Risk Pool	1,434
Municipal Police Officers' and Firefighters' Retirement System	1,239
Natural Resources Police Officer Retirement System	1,139
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,052
West Virginia State Parks and Recreation Endowment Fund	691
West Virginia Department of Environmental Protection Trust	671
Workers' Compensation Uninsured Employers' Fund	459
Berkeley County Development Authority	370
Total	\$ 1,018,083

Financial Statements - Unaudited

August 31, 2022

International Qualified Pool

Financial Statements - Unaudited August 31, 2022

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International Qualified Pool

Statement of Net Position - Unaudited
August 31, 2022
(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 1,099,488

Liabilities

Accrued expenses 61

Net position \$ 1,099,427

Unit data

Units outstanding 14,061,098

Net position, unit price \$ 78.19

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment loss		
Net decrease in fair value of investments	\$ (56,267)	\$ (25,437)
Expenses		
Investment advisor fees	(473)	(982)
Management and other allocated fees	<u>(30)</u>	<u>(61)</u>
Total expenses	<u>(503)</u>	<u>(1,043)</u>
Net investment loss	(56,770)	(26,480)
Unit transactions		
Proceeds from sale of units	3,351	6,255
Amount paid for repurchase of units	<u>(33,331)</u>	<u>(66,208)</u>
Net decrease from unit transactions	<u>(29,980)</u>	<u>(59,953)</u>
Decrease in net position	(86,750)	(86,433)
Net position, beginning of period	<u>1,186,177</u>	<u>1,185,860</u>
Net position, end of period	<u>\$ 1,099,427</u>	<u>\$ 1,099,427</u>

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in a commingled equity fund, specifically The Silchester International Investors International Value Equity Group Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index (MSCI EAFE) 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. Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Commingled investment funds are valued on the last business day of each month at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value in accordance with the IMB's established procedures.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The investment in Silchester is valued using the NAV. As Silchester is the only investment in the Pool, a fair value hierarchy table is not presented.

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 523,849
Public Employees' Retirement System	467,879
State Police Death, Disability and Retirement Fund	44,639
Deputy Sheriff's Retirement System	17,178
State Police Retirement System	16,945
Judges' Retirement System	15,187
Emergency Medical Services Retirement System	6,581
Municipal Policemen's or Firemen's Pension and Relief Funds	4,158
Municipal Police Officers' and Firefighters' Retirement System	1,578
Natural Resources Police Officer Retirement System	1,433
Total	<u>\$ 1,099,427</u>

Financial Statements - Unaudited

August 31, 2022

International Nonqualified Pool

Financial Statements - Unaudited August 31, 2022

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International Nonqualified Pool

Statement of Net Position - Unaudited
August 31, 2022
(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 169,250

Liabilities

Accrued expenses 10

Net position \$ 169,240

Unit data

Units outstanding 2,381,730

Net position, unit price \$ 71.06

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands, except unit data)

	Month	Year To Date
Investment loss		
Net decrease in fair value of investments	\$ (8,804)	\$ (4,158)
Expenses		
Investment advisor fees	(85)	(174)
Management and other allocated fees	(5)	(10)
Total expenses	(90)	(184)
Net investment loss	(8,894)	(4,342)
Unit transactions		
Proceeds from sale of units	1,381	9,712
Amount paid for repurchase of units	(1,378)	(19,705)
Net increase (decrease) from unit transactions	3	(9,993)
Decrease in net position	(8,891)	(14,335)
Net position, beginning of period	178,131	183,575
Net position, end of period	\$ 169,240	\$ 169,240

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in a commingled equity fund, specifically The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East 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*). Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Commingled investment funds are valued on the last business day of each month at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value in accordance with the IMB's established procedures.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The investment in Silchester is valued using the NAV. As Silchester is the only investment in the Pool, a fair value hierarchy table is not presented.

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 86,310
Workers' Compensation Old Fund	31,338
Revenue Shortfall Reserve Fund - Part B	13,411
West Virginia Department of Environmental Protection Agency	10,503
Coal Workers' Pneumoconiosis Fund	7,403
Board of Risk and Insurance Management	6,291
Wildlife Endowment Fund	4,222
Public Employees Insurance Agency	4,026
Workers' Compensation Self-Insured Employer Security Risk Pool	1,733
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,278
West Virginia State Parks and Recreation Endowment Fund	910
West Virginia Department of Environmental Protection Trust	806
Workers' Compensation Uninsured Employers' Fund	558
Berkeley County Development Authority	451
Total	<u>\$ 169,240</u>

Financial Statements - Unaudited

August 31, 2022

International Equity Pool

**Financial Statements - Unaudited
August 31, 2022**

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International Equity Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 2,788,702
Money market mutual fund	25,838
Securities lending collateral	111,777
Cash	13,200
Receivables:	
Investments sold	5,527
Dividends and other investment income	18,105
	<hr/>
Total assets	2,963,149

Liabilities

Accrued expenses	2,687
Payable for investments purchased	29,620
Payable upon return of securities loaned	111,777
	<hr/>
Total liabilities	144,084
	<hr/>
Net position	\$ 2,819,065

Unit data

Units outstanding	82,103,335
Net position, unit price	<u><u>\$ 34.34</u></u>

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (73,415)	\$ (46,606)
Interest and dividends	9,433	20,217
Securities lending income	252	393
Total investment loss	(63,730)	(25,996)
 Expenses		
Investment advisor fees	(1,172)	(2,317)
Custodian bank fees	(108)	(220)
Management and other allocated fees	(76)	(150)
Securities lending expenses	(208)	(312)
Total expenses	(1,564)	(2,999)
Net investment loss	(65,294)	(28,995)
 Unit transactions		
Proceeds from sale of units	84,911	85,116
Amount paid for repurchase of units	(370)	(31,216)
Net increase from unit transactions	84,541	53,900
Increase in net position	19,247	24,905
Net position, beginning of period	2,799,818	2,794,160
Net position, end of period	\$ 2,819,065	\$ 2,819,065

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. Assets are managed by Acadian Asset Management, LLC, Axiom International Investors, LLC, LSV Asset Management, Numeric Investors LLC, and Oberweis Asset Management, Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Equity securities and exchange traded funds (ETF) are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received. The required percentage for cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is 105 percent unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned. The required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. 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. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. 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 Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. 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 that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes - 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 U.S. federal or state income taxes is required as of August 31, 2022.

In certain foreign countries, the Pool's dividend income and capital gains may be taxable. Taxes on dividend income are generally withheld from the payments 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. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,701,343	\$ -	\$ -	\$ 2,701,343
ETF	58,658	-	-	58,658
Money market mutual fund	25,838	-	-	25,838
Preferred stock	28,701	-	-	28,701
Securities lending collateral	111,777	-	-	111,777
Total	<u>\$ 2,926,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,926,317</u>

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at August 31, 2022:

	<u>Fair Value</u>
Securities on loan	\$ 142,619
Collateral received:	
Cash	\$ 111,777
Non-cash	<u>37,188</u>
Total collateral received	<u>\$ 148,965</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,158,469
Public Employees' Retirement System	1,035,242
West Virginia Retiree Health Benefit Trust Fund	196,439
State Police Death, Disability and Retirement Fund	98,526
Workers' Compensation Old Fund	72,796
Deputy Sheriff's Retirement System	37,949
State Police Retirement System	37,448
Judges' Retirement System	33,541
Revenue Shortfall Reserve Fund - Part B	30,512
West Virginia Department of Environmental Protection Agency	24,232
Coal Workers' Pneumoconiosis Fund	17,090
Emergency Medical Services Retirement System	14,519
Board of Risk and Insurance Management	14,500
Wildlife Endowment Fund	9,603
Municipal Policemen's or Firemen's Pension and Relief Funds	9,170
Public Employees Insurance Agency	9,163
Workers' Compensation Self-Insured Employer Security Risk Pool	4,004
Municipal Police Officers' and Firefighters' Retirement System	3,468
Natural Resources Police Officer Retirement System	3,169
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,936
West Virginia State Parks and Recreation Endowment Fund	2,093
West Virginia Department of Environmental Protection Trust	1,891
Workers' Compensation Uninsured Employers' Fund	1,279
Berkeley County Development Authority	1,026
Total	<u>\$ 2,819,065</u>

Financial Statements - Unaudited

August 31, 2022

Short-Term Fixed Income Pool

Financial Statements - Unaudited August 31, 2022

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Short-Term Fixed Income Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:

U.S. Treasury and government agency bonds	\$	129,899
Commercial paper		7,993
Repurchase agreement		40,647
Receivable for interest and dividends		<u>5</u>

Total assets 178,544

Liabilities

Accrued expenses		<u>16</u>
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Net position \$ 178,528

Unit data

Units outstanding		178,527,548
Net position, unit price	\$	<u>1.00</u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income	\$ 309	\$ 533
Expenses		
Investment advisor fees	(7)	(15)
Custodian bank fees	(1)	(1)
	<u>(8)</u>	<u>(16)</u>
Total expenses		
	(8)	(16)
Net investment income	301	517
Distributions to unitholders	(301)	(517)
Unit transactions		
Proceeds from sale of units	200,010	318,038
Reinvestment of distributions	301	517
Amount paid for repurchase of units	(177,316)	(285,446)
	<u>22,995</u>	<u>33,109</u>
Net increase from unit transactions		
	22,995	33,109
Increase in net position	22,995	33,109
Net position, beginning of period	155,533	145,419
	<u>155,533</u>	<u>145,419</u>
Net position, end of period	<u>\$ 178,528</u>	<u>\$ 178,528</u>

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

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 (Board), consisting of thirteen members, governs the IMB. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board. 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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other IMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the FTSE 3 Month US T-Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at amortized cost provided such amounts approximate fair value in accordance with GASB Statements No. 72 and No. 79. 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. The Pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the stable net position value per share of \$1. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Repurchase Agreements - In connection with transactions in repurchase agreements, it is the IMB's policy that its designated custodian or mutual third party 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. Interest income, including the accretion of discounts and amortization of premiums, is accrued daily as earned. Dividend income is recognized on the ex-dividend date.

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.

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit Valuation and Participant Transactions – The unit price of the Pool is calculated daily by dividing the net position of the Pool by the number of outstanding units. Managements' policy is for the Pool to maintain a stable unit price of \$1 per unit. If the calculated unit price rounds to \$1, then participant transactions are executed at this price.

Distributions to Participants – Daily net investment income is declared as a dividend and distributed to the participants of the Pool on the last day of the month. Distributions are paid in the form of reinvestments in the Pool and have been included in distributions to unitholders and reinvestment of distributions as presented on the Statement of Changes in Net Position. The Pool does not distribute net investment losses.

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. The Pool is only charged for its direct investment-related costs. The IMB pays all expenses on behalf of the Pool.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 investments in accordance with GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 7,993	\$ -	\$ 7,993
Repurchase agreement	-	40,647	-	40,647
U.S. Government agency bonds	-	44,966	-	44,966
U.S. Treasury bonds	-	84,933	-	84,933
Total	\$ -	\$ 178,539	\$ -	\$ 178,539

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Municipal Policemen's or Firemen's Pension and Relief Funds	\$ 111,749
Workers' Compensation Old Fund	34,898
Board of Risk and Insurance Management	8,800
Coal Workers' Pneumoconiosis Fund	8,495
Public Employees' Retirement System	6,227
Workers' Compensation Self-Insured Employer Security Risk Pool	2,178
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,718
West Virginia State Parks and Recreation Endowment Fund	1,703
Workers' Compensation Uninsured Employers' Fund	836
State Police Retirement System	471
Judges' Retirement System	376
Deputy Sheriff's Retirement System	256
State Police Death, Disability and Retirement Fund	213
Municipal Police Officers' and Firefighters' Retirement System	192
Emergency Medical Services Retirement System	164
Wildlife Endowment Fund	106
Natural Resources Police Officer Retirement System	102
Teachers' Retirement System	44
Total	<u>\$ 178,528</u>

Financial Statements - Unaudited

August 31, 2022

Total Return Fixed Income Pool

Financial Statements - Unaudited August 31, 2022

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Total Return Fixed Income Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,391,614
Derivative instruments	70,979
Equity investments	13,272
Money market mutual fund	27,010
Securities lending collateral	138,305
Cash (restricted: \$1,140)	24,120
Cash due from broker	45,736
Receivables:	
Interest, dividends, and other investment income	24,128
Investments sold	69,733
	<hr/>
Total assets	2,804,897

Liabilities

Investments in derivative instruments at fair value	97,485
Accrued expenses	1,058
Payable for investments purchased	60,576
Payable upon return of securities loaned	138,305
	<hr/>
Total liabilities	297,424
	<hr/>
Net position	\$ 2,507,473

Unit data

Units outstanding	159,224,801
Net position, unit price	<hr/> <hr/> \$ 15.75

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (36,956)	\$ (5,503)
Interest and dividends	8,519	16,569
Securities lending income	283	476
Total investment income (loss)	(28,154)	11,542
Expenses		
Investment advisor fees	(455)	(906)
Custodian bank fees	(10)	(20)
Management and other allocated fees	(66)	(132)
Securities lending expenses	(263)	(433)
Total expenses	(794)	(1,491)
Net investment income (loss)	(28,948)	10,051
Unit transactions		
Proceeds from sale of units	49,112	51,262
Amount paid for repurchase of units	(4,499)	(309,075)
Net increase (decrease) from unit transactions	44,613	(257,813)
Increase (decrease) in net position	15,665	(247,762)
Net position, beginning of period	2,491,808	2,755,235
Net position, end of period	\$ 2,507,473	\$ 2,507,473

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees. Dodge & Cox, Franklin Templeton Investments, and Western Asset Management Company manage the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 4 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies, commingled debt funds, and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded.
- Credit default, interest rate, and total return swaps are valued at the last settlement price established each day by the exchange on which they are traded, are based on market values received from third parties, or are determined by valuation models.
- Foreign currency forward contracts are valued at the prevailing market exchange rates at month-end.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash - Cash consists of cash on deposit with financial institutions. Balances subject to withdrawal restrictions are noted parenthetically on the Statement of Net Position.

Cash Due to/from Broker - The Pool records restricted cash, if any, on the Statement of Net Position as Cash due to/from broker. These amounts are reported net and include cash balances required by brokers for collateral on derivative contracts, variation margin on futures and centrally cleared swaps, and forward-settling mortgage-backed securities.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

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

Option Contracts - The IMB may purchase or write 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.

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.

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.

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income. For international securities, the required collateral is at least 105 percent of the market value of the securities on loan unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. 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. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. 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 Changes in Net Position as a net increase (decrease) in 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.

Interest rate futures may be used to enhance portfolio yields, manage portfolio duration, or as an alternative investment of cash.

The market risk associated with holding interest rate 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 Contracts – A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. The IMB enters into forward 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. Spot contracts have relatively short durations that mirror foreign market settlement cycles, while forward contracts are often entered into with durations up to 3- to 4-months. Foreign currency contracts are valued at the prevailing market exchange rates at month end.

Credit Default Swaps - Credit default swaps are agreements between counterparties to transfer the credit risk of referenced debt securities. The buyer of the credit default swap gains protection against a negative credit event such as a default or credit rating downgrade and the seller assumes the credit risk and is obligated to pay upon the occurrence of such an event. Credit default swap agreements are marked-to-market daily. Upfront payments received or made by the Pool on credit default swap agreements are capitalized. Periodic payments received or paid are recorded as interest income. Payments received or made as a result of a credit event or termination of the contract are recognized, net of a proportional amount of the upfront payment, in net increase (decrease) in fair value of investments.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit default swaps are instruments which allow for the full or partial transfer of third party credit risk, with respect to a particular entity or entities, from one counterparty to the other. A seller of credit default swaps is selling credit protection or assuming credit risk with respect to the underlying entity or entities. If a credit event occurs, as defined under the terms of the swap agreement, the seller of protection will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. The Notional Principal reflects the maximum potential amount the seller of protection could be required to pay if a credit event occurs. The seller of protection receives periodic premium payments from the counterparty and may also receive or pay an upfront premium adjustment to the stated periodic premium.

Interest Rate Swaps - Interest rate swaps are agreements between counterparties to exchange cash flows based on the difference between a fixed and floating interest rate, applied to a notional principal amount for a specified period. Upfront payments received or made by the Pool on interest rate swap agreements are capitalized. Interest is paid or received periodically.

Total Return Swaps - Total return swaps are agreements in which one party makes payments based on a fixed or variable rate, while the other party makes payments based on the total return of an underlying referenced instrument, applied to a notional principal amount for a specified period. The underlying referenced instrument can be either a security or market index. A total return swap allows the party receiving the total return to obtain exposure to the underlying referenced instrument without actually owning the underlying position.

Structured Securities - The Pool invests in various collateralized mortgage obligations (CMO), including interest-only and/or principal-only tranches, asset-backed securities, mortgage-backed securities (MBS), and structured corporate debt. 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. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 U.S. federal or state income taxes is required as of August 31, 2022.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In certain foreign countries, the Pool's interest income and capital gains may be taxable. Taxes on interest income are generally withheld from the payments 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. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Interest income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool include foreign currency forward contracts, futures, options, credit default swaps, interest rate swaps, and total return swaps. None of these derivative financial instruments are designated as hedging instruments under GASB Statement No. 53; 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 and for discussion on the risks associated with investing in these derivatives.

The Pool, through its investment managers, is a party to International Swap and Derivative Association, Inc. (ISDA) Master Agreements (MA) that may allow the netting of counterparty's obligations against those of the Pool in the event of a default by the counterparty. The Pool is required to disclose the positions held at period-end that were entered into pursuant to agreements that allow for such netting.

The table below presents the fair value and the net increase (decrease) in fair value as of and for the period ended August 31, 2022:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ 705	\$ 827
Futures contracts:		
Fixed income futures long	(3,694)	(11,335)
Fixed income futures short	5,677	4,215
Options contracts:		
Fixed income options purchased	3,841	(6,620)
Fixed income options written	(19,119)	6,974
Credit default swaptions purchased	-	(59)
Credit default swaptions written	-	257
Interest rate swaptions purchased	-	(3,813)
Interest rate swaptions written	-	6,693
Swaps:		
Credit default swaps protection buyer	1,533	(301)
Credit default swaps protection seller	(51)	(28)
Interest rate swaps	2,962	(4,272)
Total return swaps	(18,360)	(5,226)
Total	<u>\$ (26,506)</u>	<u>\$ (12,688)</u>

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Credit Risk

For financial reporting purposes, the Pool does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Net Position. The following table presents the Pool's derivative assets net of amounts available for offset under a netting provision and net of related collateral received by the Pool as of August 31, 2022:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forward contracts	\$ 1,364	\$ (153)	\$ -	\$ (1,211)	\$ -

Foreign currency forward contracts, certain swaps, and swaptions are exposed to counterparty credit risk. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch and reports the rating indicative of the greatest degree of risk.

The following table provides the credit ratings for the Pool's derivative investments that are subject to counterparty credit risk as of August 31, 2022:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 15
Foreign currency forward contracts	BBB	1,547

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of August 31, 2022:

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ (3,694)	\$ (3,694)	\$ -	\$ -	\$ -
Fixed income futures short	5,677	4,068	1,609	-	-
Options contracts:					
Fixed income options purchased	3,841	3,841	-	-	-
Fixed income options written	(19,119)	(16,739)	(2,380)	-	-
Swaps:					
Interest rate swaps	2,962	-	(28,392)	8,688	22,666
Total	\$ (10,333)	\$ (12,524)	\$ (29,163)	\$ 8,688	\$ 22,666

Interest rate swaps are highly sensitive to changes in interest rates. The following tables provide detailed information on derivative financial instruments that are highly sensitive to interest rate changes.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At August 31, 2022, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
6/4/2024	Receive Fixed 0.82%, Pay Floating 3-Month Libor	\$ 126,612	\$ (3,708)
3/16/2027	Receive Fixed 1.16%, Pay Floating 3-Month Libor	142,500	(13,312)
7/11/2024	Receive Fixed 1.32%, Pay Floating SOFR	266,705	(10,753)
3/4/2027	Receive Fixed 1.55%, Pay Floating SOFR	14,432	(951)
7/11/2027	Receive Fixed 1.60%, Pay Floating SOFR	46,560	(3,121)
8/10/2025	Receive Fixed 2.73%, Pay Floating SOFR	221,170	(2,052)
5/5/2032	Receive Floating 3-Month Libor, Pay Fixed 1.89%	38,580	4,274
5/15/2027	Receive Floating SOFR, Pay Fixed 0.71%	37,177	3,879
8/15/2028	Receive Floating SOFR, Pay Fixed 1.13%	34,164	3,500
8/15/2028	Receive Floating SOFR, Pay Fixed 1.22%	15,197	1,483
11/20/2026	Receive Floating SOFR, Pay Fixed 1.52%	41,770	1,626
2/15/2047	Receive Floating SOFR, Pay Fixed 1.52%	19,934	4,499
5/15/2047	Receive Floating SOFR, Pay Fixed 1.63%	26,740	5,536
8/15/2047	Receive Floating SOFR, Pay Fixed 1.65%	37,433	7,634
7/11/2052	Receive Floating SOFR, Pay Fixed 1.78%	9,460	1,747
7/11/2032	Receive Floating SOFR, Pay Fixed 1.80%	24,730	2,397
3/18/2032	Receive Floating SOFR, Pay Fixed 2.00%	7,385	577
8/10/2033	Receive Floating SOFR, Pay Fixed 2.48%	48,830	1,605
2/15/2029	Receive Floating SOFR, Pay Fixed 2.85%	13,001	155
4/30/2029	Receive Floating SOFR, Pay Fixed 3.27%	63,104	(1,028)
		<u>\$ 1,235,484</u>	<u>\$ 3,987</u>

At August 31, 2022, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (USD)	Fair Value
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIIIE	\$ 19,876	\$ (1,367)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIIIE	19,095	(1,303)
4/19/2047	Receive Floating JPY TONAR plus 0.06%, Pay Fixed 0.79%	39,390	1,645
		<u>\$ 78,361</u>	<u>\$ (1,025)</u>

Reference Index Definitions:

Libor: London Interbank Offered Rate

SOFR: Secured Overnight Financing Rate

MXN TIIIE: Mexican Interbank Deposit Rate

JPY TONAR: Bank of Japan Unsecured Overnight Call Rate

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

The Pool has foreign currency forward contracts, futures contracts, and swap contracts that are denominated in foreign currencies and exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of derivative investments in foreign currencies as of August 31, 2022, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ (2)	\$ 60	\$ -	\$ 58
British Pound	97	(174)	-	(77)
Canadian Dollar	1	-	-	1
Chinese Yuan Renminb	189	-	-	189
Euro Currency Unit	1,075	2,204	(87)	3,192
Indonesian Rupiah	(75)	-	-	(75)
Japanese Yen	122	25	1,645	1,792
Mexican Peso	(702)	-	(2,670)	(3,372)
Total foreign denominated derivatives	705	2,115	(1,112)	1,708
U.S. Dollar	-	(132)	(12,804)	(12,936)
Total	<u>\$ 705</u>	<u>\$ 1,983</u>	<u>\$ (13,916)</u>	<u>\$ (11,228)</u>

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at August 31, 2022. The Pool's investments in commingled debt funds were valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

Assets	Level 1	Level 2	Level 3	Total
Bank Loans	\$ -	\$ 2,745	\$ -	\$ 2,745
Corporate ABS residual	-	1,792	-	1,792
Corporate asset backed issues	-	71,191	-	71,191
Corporate CMO	-	80,829	-	80,829
Corporate preferred securities	10,645	-	-	10,645
Foreign asset backed issues	-	86,688	-	86,688
Foreign corporate bonds	-	362,241	-	362,241
Foreign currency forward contracts	-	1,562	-	1,562
Foreign equity investments	835	-	-	835
Foreign government bonds	-	218,555	-	218,555
Futures contracts	6,156	-	-	6,156
Money market mutual fund	27,010	-	-	27,010
Municipal bonds	-	22,050	-	22,050
Options contracts purchased	3,841	-	-	3,841
Securities lending collateral	138,305	-	-	138,305
Swaps	-	59,420	-	59,420
U.S. corporate bonds	-	503,934	-	503,934
U.S. Government agency bonds	-	48,130	-	48,130
U.S. Government agency CMO	-	74,441	-	74,441
U.S. Government agency CMO interest-only	-	4,354	-	4,354
U.S. Government agency MBS	-	367,134	-	367,134
U.S. Treasury bonds	-	303,202	-	303,202
Total	<u>\$ 186,792</u>	<u>\$ 2,208,268</u>	<u>\$ -</u>	<u>\$ 2,395,060</u>
Commingled debt funds				246,120
Total				<u>\$ 2,641,180</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (857)	\$ -	\$ (857)
Futures contracts	(4,173)	-	-	(4,173)
Options contracts written	(19,119)	-	-	(19,119)
Swaps	-	(73,336)	-	(73,336)
Total	<u>\$ (23,292)</u>	<u>\$ (74,193)</u>	<u>\$ -</u>	<u>\$ (97,485)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of August 31, 2022. These commingled debt funds invest in certain niche sectors, particularly those that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at August 31, 2022:

	Fair Value
Securities on loan	\$ 197,263
Collateral received:	
Cash	\$ 138,305
Non-cash	65,475
Total collateral received	\$ 203,780

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

Participant	Account Value
Teachers' Retirement System	\$ 758,624
Public Employees' Retirement System	676,903
Workers' Compensation Old Fund	244,115
Revenue Shortfall Reserve Fund - Part B	194,888
West Virginia Retiree Health Benefit Trust Fund	133,483
Revenue Shortfall Reserve Fund	115,934
State Police Death, Disability and Retirement Fund	63,554
West Virginia Department of Environmental Protection Agency	61,964
Coal Workers' Pneumoconiosis Fund	50,680
Board of Risk and Insurance Management	42,966
Public Employees Insurance Agency	36,495
Deputy Sheriff's Retirement System	25,315
State Police Retirement System	25,261
Judges' Retirement System	22,298
Workers' Compensation Self-Insured Employer Security Risk Pool	11,882
Emergency Medical Services Retirement System	9,659
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	8,760
Municipal Policemen's or Firemen's Pension and Relief Funds	6,665
Wildlife Endowment Fund	6,546
Workers' Compensation Uninsured Employers' Fund	3,826
Municipal Police Officers' and Firefighters' Retirement System	2,367
Natural Resources Police Officer Retirement System	2,107
West Virginia State Parks and Recreation Endowment Fund	1,403
West Virginia Department of Environmental Protection Trust	1,080
Berkeley County Development Authority	698
Total	\$ 2,507,473

Financial Statements - Unaudited

August 31, 2022

Core Fixed Income Pool

Financial Statements - Unaudited August 31, 2022

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Core Fixed Income Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Fixed income investments	\$	1,010,522
Money market mutual fund		50,570
Securities lending collateral		57,011
Receivables:		
Interest, dividends, and other investment income		4,840
Investments sold		100
Other		40
		<u>40</u>
	Total assets	1,123,083

Liabilities

Accrued expenses		371
Payable for investments purchased		1
Payable upon return of securities loaned		57,011
		<u>57,011</u>
	Total liabilities	57,383
	Net position	<u>\$ 1,065,700</u>

Unit data

Units outstanding		91,766,228
Net position, unit price	\$	<u>11.61</u>

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Change in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (28,242)	\$ (10,078)
Interest and dividends	2,720	5,366
Securities lending income	116	203
Total investment loss	(25,406)	(4,509)
 Expenses		
Investment advisor fees	(133)	(268)
Custodian bank fees	(3)	(6)
Management and other allocated fees	(29)	(57)
Securities lending expenses	(105)	(180)
Total expenses	(270)	(511)
Net investment loss	(25,676)	(5,020)
 Unit transactions		
Proceeds from sale of units	18,530	23,019
Amount paid for repurchase of units	(4,485)	(140,944)
Net increase (decrease) from unit transactions	14,045	(117,925)
Decrease in net position	(11,631)	(122,945)
Net position, beginning of period	1,077,331	1,188,645
Net position, end of period	\$ 1,065,700	\$ 1,065,700

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees. JP Morgan Investment Advisors, Inc. manages this Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities and foreign securities denominated in U.S. Dollars, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. 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. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. 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 Changes in Net Position as a net increase (decrease) in fair value of investments.

Structured Securities - The Pool invests in various collateralized mortgage obligations (CMO), including interest-only and/or principal-only tranches, asset-backed securities, mortgage-backed securities (MBS), and structured corporate debt. 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. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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 - 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 August 31, 2022.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 125,206	\$ -	\$ 125,206
Corporate CMO	-	86,347	-	86,347
Corporate CMO interest-only	-	137	-	137
Corporate CMO principal-only	-	27	-	27
Foreign asset backed issues	-	2,444	-	2,444
Foreign corporate bonds	-	73,613	-	73,613
Foreign government bonds	-	2,746	-	2,746
Money market mutual fund	50,570	-	-	50,570
Municipal bonds	-	8,859	-	8,859
Securities lending collateral	57,011	-	-	57,011
U.S. corporate bonds	-	175,995	-	175,995
U.S. Government agency CMO	-	95,982	-	95,982
U.S. Government agency CMO interest-only	-	2,058	-	2,058
U.S. Government agency CMO principal-only	-	2,122	-	2,122
U.S. Government agency MBS	-	170,376	-	170,376
U.S. Treasury bonds	-	264,610	-	264,610
Total	<u>\$ 107,581</u>	<u>\$ 1,010,522</u>	<u>\$ -</u>	<u>\$ 1,118,103</u>

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at August 31, 2022:

	Fair Value
Securities on loan	\$ 97,277
Collateral received:	
Cash	\$ 57,011
Non-cash	43,301
Total collateral received	\$ 100,312

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

Participant	Account Value
Teachers' Retirement System	\$ 321,539
Public Employees' Retirement System	287,960
Workers' Compensation Old Fund	103,809
Revenue Shortfall Reserve Fund - Part B	82,802
West Virginia Retiree Health Benefit Trust Fund	56,916
Revenue Shortfall Reserve Fund	49,261
State Police Death, Disability and Retirement Fund	27,173
West Virginia Department of Environmental Protection Agency	26,312
Coal Workers' Pneumoconiosis Fund	21,512
Board of Risk and Insurance Management	18,247
Public Employees Insurance Agency	15,554
Deputy Sheriff's Retirement System	10,830
State Police Retirement System	10,782
Judges' Retirement System	9,505
Workers' Compensation Self-Insured Employer Security Risk Pool	5,046
Emergency Medical Services Retirement System	4,208
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,723
Municipal Policemen's or Firemen's Pension and Relief Funds	2,845
Wildlife Endowment Fund	2,792
Workers' Compensation Uninsured Employers' Fund	1,624
Municipal Police Officers' and Firefighters' Retirement System	1,007
Natural Resources Police Officer Retirement System	896
West Virginia State Parks and Recreation Endowment Fund	599
West Virginia Department of Environmental Protection Trust	460
Berkeley County Development Authority	298
Total	\$ 1,065,700

Financial Statements - Unaudited

August 31, 2022

TIPS Pool

Financial Statements - Unaudited August 31, 2022

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TIPS Pool

Statement of Net Position - Unaudited
August 31, 2022
(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Commingled bond fund	\$ 438,774
Money market mutual fund	<u>5,701</u>
Total assets	444,475

Liabilities

Accrued expenses	<u>37</u>
Net position	<u>\$ 444,438</u>

Unit data

Units outstanding	33,355,445
Net position, unit price	<u><u>\$ 13.32</u></u>

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (12,006)	\$ 7,209
Dividend income	-	1
	(12,006)	7,210
Expenses		
Investment advisor fees	(6)	(13)
Management and other allocated fees	(12)	(24)
	(18)	(37)
	Net investment income (loss)	7,173
Unit transactions		
Proceeds from sale of units	950	1,566
Amount paid for repurchase of units	(4,423)	(5,029)
	(3,473)	(3,463)
	Increase (decrease) in net position	3,710
	Net position, beginning of period	440,728
	Net position, end of period	444,438
	\$ 444,438	\$ 444,438

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool was established to offer an additional level of diversification over and above nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. The Pool invests in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator. Investments for which the fair value cannot be determined are valued at fair value as determined in accordance with the IMB's established procedures.

Investment Transactions - Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 establishes 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 GASB Statement No. 72 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 GASB Statement No. 72 fair value hierarchy levels as of August 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Commingled bond fund	\$ 438,774	\$ -	\$ -	\$ 438,774
Money market mutual fund	5,701	-	-	5,701
Total	\$ 444,475	\$ -	\$ -	\$ 444,475

TIPS Pool

Notes to Financial Statements *(Amounts in thousands)*

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 167,511
Revenue Shortfall Reserve Fund - Part B	114,435
Workers' Compensation Old Fund	90,438
Public Employees Insurance Agency	22,669
Coal Workers' Pneumoconiosis Fund	21,249
Board of Risk and Insurance Management	17,954
Workers' Compensation Self-Insured Employer Security Risk Pool	4,959
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,636
Workers' Compensation Uninsured Employers' Fund	1,587
Total	<u>\$ 444,438</u>

Financial Statements - Unaudited

August 31, 2022

Private Markets Pool

Financial Statements - Unaudited August 31, 2022

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Private Markets Pool

Statement of Net Position - Unaudited
August 31, 2022
(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 5,749,211
Equity investments	245,053
Fixed income investments	12,675
Money market mutual fund	169,908
Securities lending collateral	21,312
Cash	36
Receivables:	
Investments sold	1,769
Income distributions from real estate limited partnerships and funds	24
Interest, dividends, and other investment income	612
	<hr/>
Total assets	6,200,600

Liabilities

Accrued expenses	756
Payable for investments purchased	1,629
Payable upon return of securities loaned	21,312
	<hr/>
Total liabilities	23,697
	<hr/>
Net position	\$ 6,176,903

Unit data

Units outstanding	203,320,880
Net position, unit price	\$ 30.38

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (33,441)	\$ (16,782)
Income from partnerships and funds	10,778	18,603
Interest and dividends	667	1,427
Fund closing interest	8	8
Securities lending income	15	142
Total investment income (loss)	(21,973)	3,398
 Expenses		
Investment advisor fees	(91)	(183)
Custodian bank fees	(3)	(5)
Management and other allocated fees	(163)	(330)
Professional service fees - direct	(119)	(237)
Management fees - external	(353)	(459)
Securities lending expenses	(3)	(19)
Total expenses	(732)	(1,233)
Net investment income (loss)	(22,705)	2,165
 Unit transactions		
Proceeds from sale of units	790	108,554
Amount paid for repurchase of units	(22,591)	(22,591)
Net increase (decrease) from unit transactions	(21,801)	85,963
Increase (decrease) in net position	(44,506)	88,128
Net position, beginning of period	6,221,409	6,088,775
Net position, end of period	\$ 6,176,903	\$ 6,176,903

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Private Markets Pool

Notes to Financial Statements

(Amounts in thousands)

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 Markets 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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The Pool primarily holds the IMB's investments in private credit & income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. Franklin Park, StepStone Group LP, and Verus have been retained by the IMB to provide consulting services related to the selection of limited partnerships and funds. Publicly traded assets are managed by CBRE Investment Management and Security Capital Research & Management Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. 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 IMB's 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 net asset value of such investments is a reasonable estimate of fair value as of August 31, 2022.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. Dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fixed income securities are valued according to prices furnished by independent pricing services to the Pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the Pool's custodian on the following basis:

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

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. The required collateral percentage varies based on the type of collateral received and the type of security loaned. For U.S. securities, the required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income, if applicable. For international securities, the required percentage is 105 percent unless the foreign securities loaned are denominated and payable in U.S. Dollars, then the collateral shall be at least 102 percent of the market value of the securities loaned. Loans of equity securities may also be collateralized by equity securities and the required percentage of non-cash collateral consisting of equity securities is at least 107 percent of the market value of the securities loaned.

Cash collateral received is invested in the West Virginia Custom Account (Cash Collateral Account). The Cash Collateral Account's investment objective is to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. The Cash Collateral Account seeks to maintain a constant net asset value of \$1.00 per share by following strict credit quality, maturity, liquidity, and diversification requirements. Except for underlying repurchase agreement transactions, the Pool is liable for investment losses in the Cash Collateral Account. The lending agent contractually indemnifies the IMB for any repurchase agreement investment losses.

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. 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. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. 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 Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. 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 that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Income from Partnerships - Income from private equity partnerships, real estate partnerships, private credit & income funds, and other private funds are recognized when distributed to the partners.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. Direct investment-related costs include fees charged by external managers that are outside of their respective partnership or fund, the custodian bank, legal counsel, and the consultant. Other expenses are allocated to the individual pools based on asset size.

The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 U.S. federal and state income taxes is required as of August 31, 2022.

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 Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 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 GASB Statement No. 72 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 with redemption terms that are not short term.

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.

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at August 31, 2022. All of the Pool's investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 36,366	\$ -	\$ -	\$ 36,366
Money market mutual fund	169,908	-	-	169,908
Securities lending collateral	21,312	-	-	21,312
U.S. common stock	196,000	-	-	196,000
U.S. corporate bonds	-	12,675	-	12,675
U.S. preferred stock	12,687	-	-	12,687
Total	<u>\$ 436,273</u>	<u>\$ 12,675</u>	<u>\$ -</u>	<u>\$ 448,948</u>
Private credit & income funds				750,854
Private equity partnerships				2,683,619
Real estate limited partnerships and funds				2,314,738
Total				<u>\$ 6,198,159</u>

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following table presents information on investments measured at the NAV as of August 31, 2022:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Commercial Debt (b)	\$ 440,375	\$ 182,350	2026 to 2029	N/A	N/A
Real Estate Debt (c)	310,479	207,935	2022 to 2031	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,686,471	576,486	2022 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (e)	43,009	16,263	2022 to 2023	N/A	N/A
Corporate Finance - Growth Equity (f)	124,394	73,749	2023 to 2031	N/A	N/A
Corporate Finance - Hard Assets (g)	129,062	29,075	2022 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	1,800	480	2022	N/A	N/A
Corporate Finance - Structured Capital (i)	72,726	27,408	2023 to 2028	N/A	N/A
Corporate Finance - Turnaround (j)	105,649	67,730	2022 to 2032	N/A	N/A
Venture Capital (k)	520,508	57,826	2023 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (l)	1,355,710	15,227	2022	Quarterly	30-60 days
Opportunistic (m)	271,127	330,578	2022 to 2031	N/A	N/A
Value (n)	687,901	572,159	2022 to 2033	Quarterly	90 days
Total	<u>\$ 5,749,211</u>	<u>\$ 2,157,266</u>			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Commercial Debt funds seek to generate income while preserving capital though investments primarily in senior-secured loans to business enterprises.
- (c) Real Estate Debt funds seek to generate income while preserving capital through investments in real estate mortgage and debt investments.
- (d) Corporate Finance - Buyout funds acquire controlling or influential interests in companies.
- (e) Corporate Finance - Distressed Debt funds acquire the debt of companies experiencing operational or financial distress usually converting the debt to equity and exercising control of the business.
- (f) Corporate Finance - Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (g) Corporate Finance - Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (h) Corporate Finance - Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (i) Corporate Finance - Structured Capital funds combine common equity, preferred equity, fixed-income, and/or customized debt instruments to offer capital appreciation with downside protection.
- (j) Corporate Finance - Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
- (k) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (l) Core funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. Assets within these strategies tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with a number of long-term leases expiring in five-to-ten years.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (m) Opportunistic funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example, converting an office building to condominiums). It may also include new development, distressed debt strategies, and more complex transactions, as well as a more traditional value-add strategy that is financed with a higher amount of leverage.
- (n) Value funds typically use more leverage than core funds and target higher return opportunities by acquiring properties that the manager believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at August 31, 2022:

	Fair Value
Securities on loan	\$ 21,490
Collateral received:	
Cash	\$ 21,312
Non-cash	1,190
Total collateral received	<u>\$ 22,502</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under a Securities Lending Authorization Agreement (SLAA) which permits NT under certain circumstances, such as defaults, to offset amounts payable to the same counterparty against amounts to be received and thus create one single net payment due to or from the counterparty. The amounts listed in the above table represent all securities loaned which are subject to the SLAA on a net payment basis. The IMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,711,285
Public Employees' Retirement System	2,421,332
West Virginia Retiree Health Benefit Trust Fund	458,112
State Police Death, Disability and Retirement Fund	230,974
Deputy Sheriff's Retirement System	88,898
State Police Retirement System	87,693
Judges' Retirement System	78,596
Emergency Medical Services Retirement System	34,060
Wildlife Endowment Fund	22,407
Municipal Policemen's or Firemen's Pension and Relief Funds	20,734
Municipal Police Officers' and Firefighters' Retirement System	8,165
Natural Resources Police Officer Retirement System	7,416
West Virginia State Parks and Recreation Endowment Fund	4,836
Berkeley County Development Authority	2,395
Total	<u>\$ 6,176,903</u>

Financial Statements - Unaudited

August 31, 2022

Hedge Fund Pool

Financial Statements - Unaudited August 31, 2022

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Hedge Fund Pool

Statement of Net Position - Unaudited

August 31, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Hedge funds	\$ 2,465,197
Money market mutual fund	10,292
Receivables:	
Investment funds redeemed	7,517
Interest and dividends	148
	<hr/>
Total assets	2,483,154

Liabilities

Accrued expenses	<hr/>
	203
	<hr/>
Net position	\$ 2,482,951
	<hr/> <hr/>

Unit data

Units outstanding	132,843,318
Net position, unit price	\$ <hr/> <hr/> 18.69

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position - Unaudited
Period Ended August 31, 2022*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 33,622	\$ 36,770
Interest and dividend income	13	116
Total investment income	33,635	36,886
Expenses		
Professional service fees - direct	(37)	(73)
Management and other allocated fees	(64)	(130)
Total expenses	(101)	(203)
Net investment income	33,534	36,683
Unit transactions		
Proceeds from sale of units	8,346	161,863
Amount paid for repurchase of units	(8,256)	(12,006)
Net increase from unit transactions	90	149,857
Increase in net position	33,624	186,540
Net position, beginning of period	2,449,327	2,296,411
Net position, end of period	\$ 2,482,951	\$ 2,482,951

**The WVIMB operates on a fiscal year beginning on July 1. The "year to date" information is for the period July 1 through the month listed. See accompanying notes to financial statements.*

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

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.

The IMB accounts for the Pool under U.S. Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting.

The Pool was established to hold the IMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 Basis points. The secondary benchmark is the FTSE 3 Month US T-Bill Index plus 500 basis points. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities is determined on the last business day of each month as follows:

- Investments in hedge funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. 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 IMB's 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 net asset value of such investments is a reasonable estimate of fair value as of August 31, 2022.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the IMB's established procedures.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

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.

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - 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 August 31, 2022.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 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).

GASB Statement No. 72 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 GASB Statement No. 72 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 with redemption terms that are not short term.

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.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at August 31, 2022. All of the Pool's investments in hedge funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 10,292	\$ -	\$ -	\$ 10,292
Hedge funds				2,465,197
Total				\$ 2,475,489

The following table presents information on investments measured at the NAV as of August 31, 2022:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 258,782	Monthly, Quarterly	5 to 30 days
Equity long/short (b)	423,225	Quarterly	45 to 90 days
Event-driven (c)	129,098	Quarterly	180 days
Long-biased (d)	78,823	Monthly	90 days
Multi-strategy (e)	1,287,114	Monthly, Quarterly, Semiannually	45 to 95 days
Relative-value (f)	237,996	Weekly, Quarterly	5 to 60 days
	\$ 2,415,038		
In liquidation (g)	50,159		
Total	\$ 2,465,197		

- (a) Directional funds employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) Equity long/short funds involve taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 64 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased funds employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.
- (e) Multi-strategy funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 85 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 59 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at August 31, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 951,572
Public Employees' Retirement System	849,773
West Virginia Retiree Health Benefit Trust Fund	160,782
Workers' Compensation Old Fund	137,511
State Police Death, Disability and Retirement Fund	81,063
West Virginia Department of Environmental Protection Agency	46,090
Coal Workers' Pneumoconiosis Fund	43,323
Board of Risk and Insurance Management	36,819
Deputy Sheriff's Retirement System	31,200
State Police Retirement System	30,777
Public Employees Insurance Agency	28,288
Judges' Retirement System	27,584
Emergency Medical Services Retirement System	11,953
Workers' Compensation Self-Insured Employer Security Risk Pool	10,143
Wildlife Endowment Fund	7,865
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	7,480
Municipal Policemen's or Firemen's Pension and Relief Funds	7,278
Workers' Compensation Uninsured Employers' Fund	3,267
Municipal Police Officers' and Firefighters' Retirement System	2,866
Natural Resources Police Officer Retirement System	2,603
West Virginia Department of Environmental Protection Trust	2,174
West Virginia State Parks and Recreation Endowment Fund	1,699
Berkeley County Development Authority	841
Total	<u>\$ 2,482,951</u>