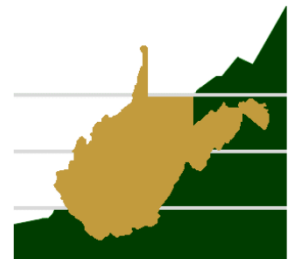


West Virginia Investment Management Board

Financial Statements

May 31, 2020



Financial Statements – Unaudited

May 31, 2020

Order of Presentation

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

May 31, 2020

Domestic Equity Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Domestic Equity Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 4,565,404
Money market mutual fund	26,996
Securities lending collateral	3,507
Receivables:	
Investments sold	191,684
Dividends and other investment income	3,721
	<hr/>
Total assets	4,791,312

Liabilities

Accrued expenses	695
Payable for investments purchased	12,067
Payable upon return of securities loaned	3,507
	<hr/>
Total liabilities	16,269
	<hr/>
Net position	\$ 4,775,043

Unit data

Units outstanding	149,695,259
Net position, unit price	\$ 31.90

See accompanying notes to financial statements.

Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 245,074	\$ 131,031
Interest, dividends, and other investment income	4,329	46,168
Securities lending income	28	638
Total investment income	249,431	177,837
Expenses		
Investment advisor fees	(269)	(2,353)
Custodian bank fees	(11)	(82)
Management and other allocated fees	(126)	(1,364)
Securities lending expenses	(3)	(446)
Total expenses	(409)	(4,245)
Net investment income	249,022	173,592
Unit transactions		
Proceeds from sale of units	104,384	363,340
Amount paid for repurchase of units	(37)	(351,878)
Net increase from unit transactions	104,347	11,462
Increase in net position	353,369	185,054
Net position, beginning of period	4,421,674	4,589,989
Net position, end of period	\$ 4,775,043	\$ 4,775,043

**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.*

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 IMB's 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 3000 Stock Index over three- to five-year periods. Assets are managed by AJO, BlackRock, INTECH Investment Management, LLC, and Westfield Capital Management.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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.

Securities Lending - The IMB, through its lending agent, loans securities of the Pool to various brokers on a temporary basis. Through August 2019, BNYM served as the IMB's lending agent. In January 2020, the IMB signed a Securities Lending Authorization Agreement (SLAA) with NT, which authorized them to serve as the IMB's lending agent. 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.

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.

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 transactions are executed at the unit price at the time of the purchase or redemption.

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 May 31, 2020.

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:

Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 2,039,038	\$ -	\$ -	\$ 2,039,038
Common stock	2,526,366	-	-	2,526,366
Money market mutual fund	26,996	-	-	26,996
Securities lending collateral	3,507	-	-	3,507
Total	<u>\$ 4,595,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,595,907</u>

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2020:

	Fair Value
Securities on loan	\$ 208,691
Collateral received:	
Cash	\$ 3,507
Non-cash	214,132
Total collateral received	<u>\$ 217,639</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under the 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.

Domestic Equity 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 May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,971,257
Public Employees' Retirement System	1,764,752
West Virginia Retiree Health Benefit Trust Fund	279,705
State Police Death, Disability and Retirement Fund	170,796
Workers' Compensation Old Fund	163,389
Deputy Sheriff's Retirement System	61,169
Revenue Shortfall Reserve Fund - Part B	57,042
State Police Retirement System	56,241
Judges' Retirement System	55,232
West Virginia Department of Environmental Protection Agency	41,410
Coal Workers' Pneumoconiosis Fund	36,342
Public Employees Insurance Agency	27,206
Board of Risk and Insurance Management	25,959
Emergency Medical Services Retirement System	22,541
Wildlife Endowment Fund	15,928
Workers' Compensation Self-Insured Employer Security Risk Pool	8,008
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,393
Municipal Police Officers' and Firefighters' Retirement System	3,609
West Virginia Department of Environmental Protection Trust	3,162
Workers' Compensation Uninsured Employers' Fund	2,209
Municipal Policemen's or Firemen's Pension and Relief Funds	2,060
Berkeley County Development Authority	1,633
Total	<u>\$ 4,775,043</u>

Financial Statements - Unaudited

May 31, 2020

International Qualified Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

International Qualified Pool

Statement of Net Position - Unaudited
May 31, 2020
(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 1,003,736

Liabilities

Accrued expenses 55

Net position \$ 1,003,681

Unit data

Units outstanding 15,231,363

Net position, unit price \$ 65.90

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase (decrease) in fair value of investments	\$ 15,241	\$ (142,064)
Expenses		
Investment advisor fees	(433)	(5,731)
Management and other allocated fees	<u>(28)</u>	<u>(360)</u>
Total expenses	<u>(461)</u>	<u>(6,091)</u>
Net investment income (loss)	14,780	(148,155)
Unit transactions		
Proceeds from sale of units	29	1,480
Amount paid for repurchase of units	<u>-</u>	<u>(151,119)</u>
Net increase (decrease) from unit transactions	<u>29</u>	<u>(149,639)</u>
Increase (decrease) in net position	14,809	(297,794)
Net position, beginning of period	<u>988,872</u>	<u>1,301,475</u>
Net position, end of period	<u>\$ 1,003,681</u>	<u>\$ 1,003,681</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, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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 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 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 developed country, non-U.S. equity, bottom-up value oriented portfolio of securities 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.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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 transactions are executed at the unit price at the time of the purchase or redemption.

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. 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 May 31, 2020.

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 as the practical expedient. The investment in Silchester is valued using the net asset value per share. 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, except share data)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 481,833
Public Employees' Retirement System	430,480
State Police Death, Disability and Retirement Fund	41,393
Deputy Sheriff's Retirement System	15,223
State Police Retirement System	14,161
Judges' Retirement System	13,555
Emergency Medical Services Retirement System	5,663
Municipal Police Officers' and Firefighters' Retirement System	869
Municipal Policemen's or Firemen's Pension and Relief Funds	504
Total	<u>\$ 1,003,681</u>

Financial Statements - Unaudited

May 31, 2020

International Nonqualified Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

International Nonqualified Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	159,108
--	----	---------

Liabilities

Accrued expenses		<u>9</u>
------------------	--	----------

Net position	\$	<u>159,099</u>
---------------------	-----------	-----------------------

Unit data

Units outstanding		2,646,197
-------------------	--	-----------

Net position, unit price	\$	<u>60.12</u>
--------------------------	----	--------------

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position - Unaudited

Period Ended May 31, 2020*

(Amounts in thousands, except unit data)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase (decrease) in fair value of investments	\$ 2,360	\$ (23,017)
Expenses		
Investment advisor fees	(80)	(1,056)
Management and other allocated fees	<u>(5)</u>	<u>(58)</u>
Total expenses	<u>(85)</u>	<u>(1,114)</u>
Net investment income (loss)	2,275	(24,131)
Unit transactions		
Proceeds from sale of units	4	6,337
Amount paid for repurchase of units	<u>-</u>	<u>(33,279)</u>
Net increase (decrease) from unit transactions	<u>4</u>	<u>(26,942)</u>
Increase (decrease) in net position	2,279	(51,073)
Net position, beginning of period	<u>156,820</u>	<u>210,172</u>
Net position, end of period	<u>\$ 159,099</u>	<u>\$ 159,099</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 Nonqualified Pool

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

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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 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 developed country, non-U.S. equity, bottom-up value oriented portfolio of securities 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.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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 transactions are executed at the unit price at the time of the purchase or redemption.

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

International Nonqualified Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. 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 May 31, 2020.

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 as the practical expedient. The investment in Silchester is valued using the net asset value per share. 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, except share data)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 72,024
Workers' Compensation Old Fund	33,648
Revenue Shortfall Reserve Fund - Part B	14,762
West Virginia Department of Environmental Protection Agency	9,409
Coal Workers' Pneumoconiosis Fund	8,058
Public Employees Insurance Agency	6,984
Board of Risk and Insurance Management	5,787
Wildlife Endowment Fund	3,819
Workers' Compensation Self-Insured Employer Security Risk Pool	1,782
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,207
West Virginia Department of Environmental Protection Trust	739
Workers' Compensation Uninsured Employers' Fund	491
Berkeley County Development Authority	389
Total	<u>\$ 159,099</u>

Financial Statements - Unaudited

May 31, 2020

International Equity Pool

**Financial Statements - Unaudited
May 31, 2020**

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

International Equity Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 3,196,022
Money market mutual fund	71,774
Securities lending collateral	12,529
Cash	6,953
Receivables:	
Investments sold	11,826
Dividends and other investment income	17,204
	<hr/>
Total assets	3,316,308

Liabilities

Accrued expenses	2,645
Accrued capital gains taxes	48
Payable for investments purchased	16,417
Payable upon return of securities loaned	12,529
	<hr/>
Total liabilities	31,639
	<hr/>
Net position	\$ 3,284,669

Unit data

Units outstanding	113,945,702
Net position, unit price	\$ 28.83

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase (decrease) in fair value of investments	\$ 109,265	\$ (312,472)
Interest, dividends, and other investment income	7,784	78,968
Securities lending income	85	711
Total investment income	117,134	(232,793)
Expenses		
Investment advisor fees	(1,222)	(14,565)
Custodian bank fees	(70)	(1,018)
Management and other allocated fees	(87)	(956)
Securities lending expenses	2	(107)
Total expenses	(1,377)	(16,646)
Net investment income (loss)	115,757	(249,439)
Unit transactions		
Proceeds from sale of units	167,754	528,110
Amount paid for repurchase of units	-	(257,339)
Net increase from unit transactions	167,754	270,771
Increase in net position	283,511	21,332
Net position, beginning of period	3,001,158	3,263,337
Net position, end of period	\$ 3,284,669	\$ 3,284,669

**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, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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, Allianz Global Investors, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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, commingled equity funds, 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.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency - Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars at exchange rates reported by the 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, loans securities of the Pool to various brokers on a temporary basis. Through August 2019, BNYM served as the IMB's lending agent. In January 2020, the IMB signed a Securities Lending Authorization Agreement (SLAA) with NT, which authorized them to serve as the IMB's lending agent. 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 managers, as listed in Note 1, enter into such contracts to correspond to investment transactions trading in foreign currencies. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end.

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 transactions are executed at the unit price at the time of the purchase or redemption.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 May 31, 2020.

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 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.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands, except share data)

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 as the 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 May 31, 2020. The Pool's investment in a commingled equity fund was valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,632,106	\$ -	\$ -	\$ 2,632,106
Money market mutual fund	71,774	-	-	71,774
Preferred stock	41,906	-	-	41,906
Rights	126	-	-	126
Securities lending collateral	12,529	-	-	12,529
Total	<u>\$ 2,758,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,758,441</u>
Commingled equity fund				521,884
Total				<u>\$ 3,280,325</u>

The Pool's commingled equity fund investment was measured at the NAV as of May 31, 2020. The fund invests primarily in Chinese A-Share publicly listed equity securities. The IMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2020.

	Fair Value
Securities on loan	\$ 85,035
Collateral received:	
Cash	\$ 12,529
Non-cash	77,862
Total collateral received	<u>\$ 90,391</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under the 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.

International Equity Pool

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

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,355,393
Public Employees' Retirement System	1,212,779
West Virginia Retiree Health Benefit Trust Fund	190,597
Workers' Compensation Old Fund	116,775
State Police Death, Disability and Retirement Fund	116,409
Deputy Sheriff's Retirement System	41,850
State Police Retirement System	38,378
Revenue Shortfall Reserve Fund - Part B	38,112
Judges' Retirement System	37,993
West Virginia Department of Environmental Protection Agency	29,196
Coal Workers' Pneumoconiosis Fund	25,813
Board of Risk and Insurance Management	18,395
Public Employees Insurance Agency	18,290
Emergency Medical Services Retirement System	15,418
Wildlife Endowment Fund	10,983
Workers' Compensation Self-Insured Employer Security Risk Pool	5,670
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,835
Municipal Police Officers' and Firefighters' Retirement System	2,452
West Virginia Department of Environmental Protection Trust	2,221
Workers' Compensation Uninsured Employers' Fund	1,568
Municipal Policemen's or Firemen's Pension and Relief Funds	1,410
Berkeley County Development Authority	1,132
Total	<u>\$ 3,284,669</u>

Financial Statements - Unaudited

May 31, 2020

Short-Term Fixed Income Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Short-Term Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:

U.S. Treasury and government agency bonds	\$	75,918
Repurchase agreement		<u>9,753</u>

Total assets 85,671

Liabilities

Accrued expenses		<u>20</u>
------------------	--	-----------

Net position \$ 85,651

Unit data

Units outstanding		85,650,783
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 May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income	\$ 13	\$ 2,333
Expenses		
Investment advisor fees	(5)	(75)
Custodian bank fees	(1)	(10)
Management and other allocated fees	(4)	(48)
Total expenses	(10)	(133)
Net investment income	3	2,200
Distributions to unitholders	(3)	(2,200)
Unit transactions		
Proceeds from sale of units	121,785	1,638,322
Reinvestment of distributions	3	2,200
Amount paid for repurchase of units	(118,199)	(1,740,901)
Net increase (decrease) from unit transactions	3,589	(100,379)
Increase (decrease) in net position	3,589	(100,379)
Net position, beginning of period	82,062	186,030
Net position, end of period	\$ 85,651	\$ 85,651

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

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

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

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 Citigroup 90-Day Treasury Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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.

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 May 31, 2020.

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 May 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 9,753	\$ -	\$ 9,753
U.S. Government agency bonds	-	50,920	-	50,920
U.S. Treasury bonds	-	24,998	-	24,998
Total	\$ -	\$ 85,671	\$ -	\$ 85,671

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 May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 32,259
Teachers' Retirement System	25,330
Public Employees' Retirement System	9,545
Board of Risk and Insurance Management	7,508
Coal Workers' Pneumoconiosis Fund	3,424
Workers' Compensation Self-Insured Employer Security Risk Pool	2,004
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,377
Workers' Compensation Uninsured Employers' Fund	1,275
State Police Retirement System	814
State Police Death, Disability and Retirement Fund	734
Municipal Police Officers' and Firefighters' Retirement System	465
Emergency Medical Services Retirement System	249
Deputy Sheriff's Retirement System	227
Judges' Retirement System	196
Municipal Policemen's or Firemen's Pension and Relief Funds	146
Wildlife Endowment Fund	98
Total	<u>\$ 85,651</u>

Financial Statements - Unaudited

May 31, 2020

Total Return Fixed Income Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Total Return Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 1,968,092
Derivative instruments	34,584
Money market mutual fund	81,938
Equity investments	12,531
Securities lending collateral	4,335
Cash	10,767
Deposits with brokers for derivative contracts	38,379
Receivables:	
Interest, dividends, and other investment income	15,752
Investments sold	140,280
	<hr/>
Total assets	2,306,658

Liabilities

Investments in derivative instruments at fair value	58,921
Accrued expenses	935
Payable for investments purchased	84,837
Payable upon return of securities loaned	4,335
	<hr/>
Total liabilities	149,028
	<hr/>
Net position	\$ 2,157,630

Unit data

Units outstanding	131,894,084
Net position, unit price	\$ 16.36

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase (decrease) in fair value of investments	\$ 45,579	\$ (11,763)
Interest, dividends, and other investment income	6,756	78,449
Securities lending income	7	252
Total investment income	52,342	66,938
Expenses		
Investment advisor fees	(389)	(4,647)
Custodian bank fees	(11)	(151)
Management and other allocated fees	(59)	(677)
Securities lending expenses	4	(167)
Total expenses	(455)	(5,642)
Net investment income	51,887	61,296
Unit transactions		
Proceeds from sale of units	1,737	563,121
Amount paid for repurchase of units	(131,306)	(686,280)
Net decrease from unit transactions	(129,569)	(123,159)
Decrease in net position	(77,682)	(61,863)
Net position, beginning of period	2,235,312	2,219,493
Net position, end of period	\$ 2,157,630	\$ 2,157,630

**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.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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.
- Repurchase agreements are valued at cost, provided such amount approximates fair value.
- 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)

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.

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.

Securities Lending - The IMB, through its lending agent, loans securities of the Pool to various brokers on a temporary basis. Through August 2019, BNYM served as the IMB's lending agent. In January 2020, the IMB signed a Securities Lending Authorization Agreement (SLAA) with NT, which authorized them to serve as the IMB's lending agent. 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 Forward Contracts - A foreign currency forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into such contracts to take advantage of the relative changes in currency exchange rates. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform.

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.

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.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Asset-Backed Securities - The Pool invests in various asset-backed securities, mortgage-backed securities, 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 transactions are executed at the unit price at the time of the purchase or redemption.

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 May 31, 2020.

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 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.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool include foreign exchange 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 year to date net increase (decrease) in fair value of derivative financial instruments outstanding as of and for the year ended May 31, 2020:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ (1,791)	\$ 9,003
Futures contracts:		
Fixed income futures long	1,615	62,495
Fixed income futures short	(7,388)	(66,208)
Options contracts:		
Fixed income options purchased	960	(13,394)
Fixed income options written	(1,172)	14,913
Credit default swaptions purchased	-	(310)
Credit default swaptions written	(49)	672
Interest rate swaptions purchased	7	(258)
Interest rate swaptions written	-	344
Swaps:		
Credit default swaps protection buyer	79	8,034
Credit default swaps protection seller	762	1,835
Interest rate swaps	(17,678)	(30,026)
Total return swaps	318	4,961
Total	<u>\$ (24,337)</u>	<u>\$ (7,939)</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 May 31, 2020:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forwards	\$ 504	\$ (504)	\$ -	\$ -	\$ -
Swaptions	7	-	-	-	7
Swaps	2,529	(2,272)	(224)	-	33
Total	<u>\$ 3,040</u>	<u>\$ (2,776)</u>	<u>\$ (224)</u>	<u>\$ -</u>	<u>\$ 40</u>

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 May 31, 2020:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	BBB	\$ 833
Interest rate swaptions purchased	BBB	7
Credit default swaps protection buyer	A	79
Credit default swaps protection seller	A	23

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of May 31, 2020:

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ 1,615	\$ 1,615	\$ -	\$ -	\$ -
Fixed income futures short	(7,388)	1,576	(8,964)	-	-
Options contracts:					
Fixed income options purchased	960	960	-	-	-
Fixed income options written	(1,172)	(1,172)	-	-	-
Interest rate swaptions purchased	7	7	-	-	-
Swaps:					
Interest rate swaps	(17,678)	-	2,322	(5,657)	(14,343)
Total	<u>\$ (23,656)</u>	<u>\$ 2,986</u>	<u>\$ (6,642)</u>	<u>\$ (5,657)</u>	<u>\$ (14,343)</u>

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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.

At May 31, 2020, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
8/31/2024	Receive Fixed 0.13%, Pay Floating Fed Funds	\$ 30,705	\$ 81
8/31/2024	Receive Fixed 0.38%, Pay Floating 3-Month Libor	60,978	184
3/23/2022	Receive Fixed 0.60%, Pay Floating 3-Month Libor	192,785	1,106
3/23/2025	Receive Fixed 0.70%, Pay Floating 3-Month Libor	112,300	1,850
3/24/2027	Receive Fixed 0.77%, Pay Floating 3-Month Libor	36,730	720
2/15/2027	Receive Floating 3-Month Libor, Pay Fixed 0.75%	41,798	(785)
3/18/2050	Receive Floating 3-Month Libor, Pay Fixed 0.79%	2,063	81
3/19/2050	Receive Floating 3-Month Libor, Pay Fixed 0.82%	2,048	66
3/17/2050	Receive Floating 3-Month Libor, Pay Fixed 0.90%	4,023	39
8/15/2024	Receive Floating 3-Month Libor, Pay Fixed 1.50%	55,290	(2,773)
7/31/2026	Receive Floating 3-Month Libor, Pay Fixed 1.52%	30,939	(2,053)
6/30/2026	Receive Floating 3-Month Libor, Pay Fixed 1.55%	67,977	(4,575)
11/15/2026	Receive Floating 3-Month Libor, Pay Fixed 1.60%	29,220	(2,163)
11/15/2026	Receive Floating 3-Month Libor, Pay Fixed 1.65%	10,852	(838)
11/15/2044	Receive Floating 3-Month Libor, Pay Fixed 1.81%	6,079	(1,237)
11/15/2044	Receive Floating 3-Month Libor, Pay Fixed 1.85%	8,256	(1,755)
5/15/2044	Receive Floating 3-Month Libor, Pay Fixed 2.88%	10,941	(4,809)
2/15/2027	Receive Floating Fed Funds, Pay Fixed 0.30%	37,009	(210)
		\$ 739,993	\$ (17,071)

At May 31, 2020, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (USD)	Fair Value
8/13/2024	Receive Fixed 1.55%, Pay Floating 3-Month CAD CDOR	\$ 52,807	\$ 1,873
1/4/2027	Receive Fixed 7.02%, Pay Floating Brazil CDI	6,375	188
1/4/2027	Receive Fixed 7.04%, Pay Floating Brazil CDI	1,528	46
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIII	18,064	2,040
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIII	17,354	1,973
4/19/2047	Receive Floating 6-Month JPY Libor, Pay Fixed 0.79%	43,653	(6,727)
		\$ 139,781	\$ (607)

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 May 31, 2020, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ (41)	\$ -	\$ -	\$ (41)
Brazil Real	498	-	234	732
British Pound	43	18	-	61
Canadian Dollar	-	-	1,873	1,873
Euro Currency Unit	(30)	1,434	(21)	1,383
Japanese Yen	(561)	-	(6,727)	(7,288)
Mexican Peso	7	-	4,013	4,020
Russian Ruble	(1,707)	-	-	(1,707)
Total foreign denominated derivatives	(1,791)	1,452	(628)	(967)
U.S. Dollar	-	(7,225)	(15,891)	(23,116)
Total	<u>\$ (1,791)</u>	<u>\$ (5,773)</u>	<u>\$ (16,519)</u>	<u>\$ (24,083)</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.

Total Return Fixed Income 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 as the 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 May 31, 2020. 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.

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS residual	\$ -	\$ 2,030	\$ -	\$ 2,030
Corporate asset backed issues	-	63,497	-	63,497
Corporate CMO	-	44,393	-	44,393
Corporate CMO interest-only	-	150	-	150
Corporate preferred securities	10,501	-	-	10,501
Foreign asset backed issues	-	22,468	-	22,468
Foreign corporate bonds	-	264,488	-	264,488
Foreign currency forward contracts	-	833	-	833
Foreign government bonds	-	249,754	-	249,754
Futures contracts	5,076	-	-	5,076
Money market mutual fund	81,938	-	-	81,938
Municipal bonds	-	32,297	-	32,297
Options contracts purchased	960	7	-	967
Securities lending collateral	4,335	-	-	4,335
Swaps	-	27,708	-	27,708
U.S. corporate bonds	-	473,427	-	473,427
U.S. Government agency bonds	-	1,530	-	1,530
U.S. Government agency CMO	-	85,738	-	85,738
U.S. Government agency CMO interest-only	-	6,816	-	6,816
U.S. Government agency MBS	-	261,325	-	261,325
U.S. Government agency TBAs	-	631	-	631
U.S. Treasury bonds	-	151,755	-	151,755
U.S. Treasury inflation protected securities	-	100,250	-	100,250
Total	<u>\$ 102,810</u>	<u>\$ 1,789,097</u>	<u>\$ -</u>	<u>\$ 1,891,907</u>
Commingled debt funds				209,573
Total				<u>\$ 2,101,480</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,624)	\$ -	\$ (2,624)
Futures contracts	(10,849)	-	-	(10,849)
Options contracts written	(1,172)	(49)	-	(1,221)
Swaps	-	(44,227)	-	(44,227)
Total	<u>\$ (12,021)</u>	<u>\$ (46,900)</u>	<u>\$ -</u>	<u>\$ (58,921)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of May 31, 2020. 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 May 31, 2020:

	Fair Value
Securities on loan	\$ 87,991
Collateral received:	
Cash	\$ 4,335
Non-cash	85,203
Total collateral received	\$ 89,538

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under the 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 May 31, 2020:

Participant	Account Value
Teachers' Retirement System	\$ 600,890
Public Employees' Retirement System	546,577
Workers' Compensation Old Fund	282,678
Revenue Shortfall Reserve Fund - Part B	184,758
West Virginia Retiree Health Benefit Trust Fund	96,052
Revenue Shortfall Reserve Fund	95,368
Public Employees Insurance Agency	57,143
West Virginia Department of Environmental Protection Agency	55,447
Coal Workers' Pneumoconiosis Fund	54,290
State Police Death, Disability and Retirement Fund	50,742
Board of Risk and Insurance Management	39,208
Deputy Sheriff's Retirement System	19,461
State Police Retirement System	18,305
Judges' Retirement System	17,322
Workers' Compensation Self-Insured Employer Security Risk Pool	12,172
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	8,185
Emergency Medical Services Retirement System	7,179
Wildlife Endowment Fund	5,045
Workers' Compensation Uninsured Employers' Fund	2,848
Municipal Policemen's or Firemen's Pension and Relief Funds	1,263
Municipal Police Officers' and Firefighters' Retirement System	1,206
West Virginia Department of Environmental Protection Trust	964
Berkeley County Development Authority	527
Total	\$ 2,157,630

Financial Statements - Unaudited

May 31, 2020

Core Fixed Income Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Core Fixed Income Pool

Statement of Net Position - Unaudited May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Fixed income investments	\$	904,120
Money market mutual fund		10,378
Securities lending collateral		1,965
Receivables:		
Interest, dividends, and other investment income		3,979
Investments sold		208
		<hr/>
Total assets		920,650

Liabilities

Accrued expenses		179
Payable for investments purchased		3,049
Payable upon return of securities loaned		1,965
		<hr/>
Total liabilities		5,193
		<hr/>
Net position	\$	915,457
		<hr/> <hr/>

Unit data

Units outstanding		72,905,664
Net position, unit price	\$	12.56
		<hr/> <hr/>

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Change in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 6,323	\$ 44,946
Interest, dividends, and other investment income	2,465	29,439
Securities lending income	<u>5</u>	<u>146</u>
Total investment income	8,793	74,531
Expenses		
Investment advisor fees	(58)	(923)
Custodian bank fees	(1)	(35)
Management and other allocated fees	(26)	(294)
Securities lending expenses	<u>-</u>	<u>(121)</u>
Total expenses	<u>(85)</u>	<u>(1,373)</u>
Net investment income	8,708	73,158
Unit transactions		
Proceeds from sale of units	-	266,693
Amount paid for repurchase of units	<u>(90,258)</u>	<u>(392,602)</u>
Net decrease from unit transactions	<u>(90,258)</u>	<u>(125,909)</u>
Decrease in net position	(81,550)	(52,751)
Net position, beginning of period	<u>997,007</u>	<u>968,208</u>
Net position, end of period	<u><u>\$ 915,457</u></u>	<u><u>\$ 915,457</u></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.*

Core Fixed Income Pool

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

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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.

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, except share data)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, loans securities of the Pool to various brokers on a temporary basis. Through August 2019, BNYM served as the IMB's lending agent. In January 2020, the IMB signed a Securities Lending Authorization Agreement (SLAA) with NT, which authorized them to serve as the IMB's lending agent. 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.

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.

Asset-Backed Securities - The Pool invests in various asset-backed securities, mortgage-backed securities, 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 transactions are executed at the unit price at the time of the purchase or redemption.

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 May 31, 2020.

Core Fixed Income Pool

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

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 May 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 107,022	\$ -	\$ 107,022
Corporate CMO	-	44,992	-	44,992
Corporate CMO interest-only	-	213	-	213
Corporate CMO principal-only	-	65	-	65
Foreign asset backed issues	-	2,190	-	2,190
Foreign corporate bonds	-	54,188	-	54,188
Foreign government bonds	-	5,815	-	5,815
Money market mutual fund	10,378	-	-	10,378
Municipal bonds	-	12,097	-	12,097
Securities lending collateral	1,965	-	-	1,965
U.S. corporate bonds	-	175,576	-	175,576
U.S. Government agency bonds	-	3,099	-	3,099
U.S. Government agency CMO	-	98,467	-	98,467
U.S. Government agency CMO interest-only	-	2,175	-	2,175
U.S. Government agency CMO principal-only	-	4,482	-	4,482
U.S. Government agency MBS	-	183,442	-	183,442
U.S. Treasury bonds	-	209,840	-	209,840
U.S. Treasury inflation protected securities	-	457	-	457
Total	<u>\$ 12,343</u>	<u>\$ 904,120</u>	<u>\$ -</u>	<u>\$ 916,463</u>

Core Fixed Income Pool

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

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2020:

	<u>Fair Value</u>
Securities on loan	\$ 57,344
Collateral received:	
Cash	\$ 1,965
Non-cash	56,417
Total collateral received	<u>\$ 58,382</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under the 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 May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 255,356
Public Employees' Retirement System	230,057
Workers' Compensation Old Fund	120,419
Revenue Shortfall Reserve Fund - Part B	79,536
West Virginia Retiree Health Benefit Trust Fund	40,797
Revenue Shortfall Reserve Fund	40,344
Public Employees Insurance Agency	24,473
Coal Workers' Pneumoconiosis Fund	23,191
West Virginia Department of Environmental Protection Agency	23,088
State Police Death, Disability and Retirement Fund	21,572
Board of Risk and Insurance Management	16,720
Deputy Sheriff's Retirement System	8,194
State Police Retirement System	7,687
Judges' Retirement System	7,274
Workers' Compensation Self-Insured Employer Security Risk Pool	5,192
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,490
Emergency Medical Services Retirement System	3,040
Wildlife Endowment Fund	2,135
Workers' Compensation Uninsured Employers' Fund	1,215
Municipal Policemen's or Firemen's Pension and Relief Funds	537
Municipal Police Officers' and Firefighters' Retirement System	509
West Virginia Department of Environmental Protection Trust	407
Berkeley County Development Authority	224
Total	<u>\$ 915,457</u>

Financial Statements - Unaudited

May 31, 2020

TIPS Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

TIPS Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Commingled bond fund	\$	287,363
Money market mutual fund		140,700
Dividends receivable		<u>2</u>
	Total assets	428,065

Liabilities

Accrued expenses		<u>37</u>
	Net position	<u><u>\$ 428,028</u></u>

Unit data

Units outstanding		33,365,103
Net position, unit price	\$	<u><u>12.83</u></u>

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 1,402	\$ 29,069
Dividend income	2	2
Total investment income	1,404	29,071
Expenses		
Investment advisor fees	(5)	(65)
Custodian bank fees	-	(1)
Management and other allocated fees	(12)	(123)
Total expenses	(17)	(189)
Net investment income	1,387	28,882
Unit transactions		
Proceeds from sale of units	-	43,968
Amount paid for repurchase of units	(13,470)	(48,132)
Net decrease from unit transactions	(13,470)	(4,164)
Increase (decrease) in net position	(12,083)	24,718
Net position, beginning of period	440,111	403,310
Net position, end of period	\$ 428,028	\$ 428,028

**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.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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. 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 transactions are executed at the unit price at the time of the purchase or redemption.

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.

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 May 31, 2020.

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 May 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Commingled bond fund	\$ 287,363	\$ -	\$ -	\$ 287,363
Money market mutual fund	140,700	-	-	140,700
Total	\$ 428,063	\$ -	\$ -	\$ 428,063

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 May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 136,304
Revenue Shortfall Reserve Fund - Part B	108,766
Workers' Compensation Old Fund	103,320
Public Employees Insurance Agency	30,850
Coal Workers' Pneumoconiosis Fund	22,779
Board of Risk and Insurance Management	16,179
Workers' Compensation Self-Insured Employer Security Risk Pool	5,061
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,396
Workers' Compensation Uninsured Employers' Fund	1,373
Total	<u>\$ 428,028</u>

Financial Statements - Unaudited

May 31, 2020

Private Markets Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Private Markets Pool

Statement of Net Position - Unaudited May 31, 2020 *(Amounts in thousands, except unit data)*

Assets

Investments, at fair value:	
Alternative investments	\$ 4,299,651
Equity investments	135,035
Fixed income investments	7,755
Money market mutual fund	103,855
Securities lending collateral	2,856
Cash	3,305
Receivables:	
Investments sold	390
Interest, dividends, and other investment income	310
	<hr/>
Total assets	4,553,157

Liabilities

Accrued expenses	1,012
Payable for investments purchased	184
Payable upon return of securities loaned	2,856
	<hr/>
Total liabilities	4,052
	<hr/>
Net position	\$ 4,549,105

Unit data

Units outstanding	230,936,772
Net position, unit price	<u>\$ 19.70</u>

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase (decrease) in fair value of investments	\$ (147,324)	\$ 3,345
Income from partnerships and funds	969	94,657
Interest, dividends, and other investment income	367	6,378
Fund closing interest	54	160
Securities lending income	2	32
Total investment income	(145,932)	104,572
Expenses		
Investment advisor fees	(150)	(954)
Custodian bank fees	(3)	(40)
Management and other allocated fees	(130)	(1,323)
Professional service fees - direct	(239)	(1,472)
Management fees - external	(108)	(4,795)
Fund closing costs	-	(83)
Securities lending expenses	4	8
Total expenses	(626)	(8,659)
Net investment income (loss)	(146,558)	95,913
Unit transactions		
Proceeds from sale of units	3,912	271,267
Amount paid for repurchase of units	(23,043)	(290,180)
Net decrease from unit transactions	(19,131)	(18,913)
Increase (decrease) in net position	(165,689)	77,000
Net position, beginning of period	4,714,794	4,472,105
Net position, end of period	\$ 4,549,105	\$ 4,549,105

**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, except share data)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

The accompanying financial statements reflect only the investments and investment related operations of the IMB's Private 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 holds the IMB's investments in a commingled equity fund, opportunistic income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. The selection of investments in the Pool are approved by the Board of Trustees or by its established committees.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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 equity partnerships, real estate limited partnerships and funds, opportunistic income 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 May 31, 2020.
- 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, except share data)

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, commingled equity funds, 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.

Securities Lending - The IMB, through its lending agent, loans securities of the Pool to various brokers on a temporary basis. Through August 2019, BNYM served as the IMB's lending agent. In January 2020, the IMB signed a Securities Lending Authorization Agreement (SLAA) with NT, which authorized them to serve as the IMB's lending agent. 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 - 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.

Private Markets Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. These contracts, when entered into, correspond to investment transactions trading in foreign currencies. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end.

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, opportunistic 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 transactions are executed at the unit price at the time of the purchase or redemption.

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 income taxes is required as of May 31, 2020.

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, except share data)

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 the 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 May 31, 2020. All of the Pool's investments in private equity partnerships, real estate limited partnerships and funds, opportunistic income 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
Commingled equity fund	\$ 1,298	\$ -	\$ -	\$ 1,298
Foreign common stock	33,085	-	-	33,085
Money market mutual fund	103,855	-	-	103,855
Securities lending collateral	2,856	-	-	2,856
U.S. common stock	86,244	-	-	86,244
U.S. corporate bonds	-	7,755	-	7,755
U.S. preferred stock	14,408	-	-	14,408
Total	<u>\$ 241,746</u>	<u>\$ 7,755</u>	<u>\$ -</u>	<u>\$ 249,501</u>
Opportunistic income funds				622,317
Private equity partnerships				1,869,002
Real estate limited partnerships and funds				1,808,332
Total				<u>\$ 4,549,152</u>

Private Markets Pool

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

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following table presents information on investments measured at the NAV as of May 31, 2020:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range (a)	Redemption Frequency	Redemption Notice Period
Opportunistic income:					
Middle Market Loan Funds (b)	\$ 313,522	\$ 55,900	N/A	N/A	N/A
Real Estate Income Funds (c)	308,795	125,571	2021 to 2029	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,207,383	702,359	2020 to 2034	N/A	N/A
Corporate Finance - Distressed Debt (e)	55,366	14,724	2020 to 2021	N/A	N/A
Corporate Finance - Growth Equity (f)	58,465	54,714	2020 to 2029	N/A	N/A
Corporate Finance - Hard Assets (g)	76,661	48,894	2020 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	68,051	50,017	2020 to 2028	N/A	N/A
Corporate Finance - Turnaround (i)	77,358	97,072	2020 to 2031	N/A	N/A
Venture Capital (j)	325,718	100,699	2023 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core Funds (k)	1,015,264	79,961	2020 to 2022	Quarterly	30-60 days
Opportunistic Funds (l)	288,065	196,813	2020 to 2029	N/A	N/A
Value Funds (m)	505,003	453,737	2020 to 2031	N/A	N/A
Total	<u>\$ 4,299,651</u>	<u>\$ 1,980,461</u>			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Middle Market Loan Funds seek to generate current income while preserving capital primarily through investments in senior secured loans to middle market companies domiciled in North America.
- (c) Real Estate Income Funds invest in U.S. commercial 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 - Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
- (j) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (k) 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. These assets 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.
- (l) 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.

Private Markets Pool

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

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

(m) 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 May 31, 2020:

	<u>Fair Value</u>
Securities on loan	\$ 8,755
Collateral received:	
Cash	\$ 2,856
Non-cash	<u>6,227</u>
Total collateral received	<u>\$ 9,083</u>

NT, as agent for the IMB, loans the IMB's securities to various counterparties. These transactions are executed under the 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 May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,064,256
Public Employees' Retirement System	1,830,150
West Virginia Retiree Health Benefit Trust Fund	254,279
State Police Death, Disability and Retirement Fund	180,149
Deputy Sheriff's Retirement System	62,247
Judges' Retirement System	56,668
State Police Retirement System	56,016
Emergency Medical Services Retirement System	22,763
Wildlife Endowment Fund	16,669
Municipal Police Officers' and Firefighters' Retirement System	3,329
Berkeley County Development Authority	1,656
Municipal Policemen's or Firemen's Pension and Relief Funds	923
Total	<u>\$ 4,549,105</u>

Financial Statements - Unaudited

May 31, 2020

Hedge Fund Pool

Financial Statements - Unaudited May 31, 2020

Table of Contents

Statement of Net Position	1
Statement of Changes in Net Position	2
Notes to Financial Statements	3

Hedge Fund Pool

Statement of Net Position - Unaudited

May 31, 2020

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

Hedge funds

\$ 1,889,931

Money market mutual fund

19,560

Receivables:

Investment funds redeemed

2,358

Interest and dividends

148

Total assets

1,911,997

Liabilities

Accrued expenses

209

Net position

\$ 1,911,788

Unit data

Units outstanding

127,282,166

Net position, unit price

\$ 15.02

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2020*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase (decrease) in fair value of investments	\$ 35,188	\$ (33,169)
Interest, dividends, and other investment income	<u>(15)</u>	<u>447</u>
Total investment income	35,173	(32,722)
Expenses		
Professional service fees - direct	(68)	(402)
Custodian bank fees	-	(2)
Management and other allocated fees	<u>(52)</u>	<u>(630)</u>
Total expenses	<u>(120)</u>	<u>(1,034)</u>
Net investment income (loss)	35,053	(33,756)
Unit transactions		
Proceeds from sale of units	180	71,689
Amount paid for repurchase of units	<u>(74,269)</u>	<u>(498,178)</u>
Net decrease from unit transactions	<u>(74,089)</u>	<u>(426,489)</u>
Decrease in net position	(39,036)	(460,245)
Net position, beginning of period	<u>1,950,824</u>	<u>2,372,033</u>
Net position, end of period	<u>\$ 1,911,788</u>	<u>\$ 1,911,788</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.*

Hedge Fund Pool

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

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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 Citigroup 90-Day Treasury Bill Index plus 400 basis points. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

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 May 31, 2020.
- 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.

Hedge Fund Pool

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 transactions are executed at the unit price at the time of the purchase or redemption.

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 May 31, 2020.

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, except share data)

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 the 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 May 31, 2020. 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	\$ 19,560	\$ -	\$ -	\$ 19,560
Hedge funds				1,889,931
Total				<u>\$ 1,909,491</u>

The following table presents information on investments measured at the NAV as of May 31, 2020:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 200,682	Monthly, Quarterly	5 to 30 days
Equity long/short (b)	204,413	Monthly, Quarterly	30 to 60 days
Event-driven (c)	69,222	Quarterly, Every 2 years	45 to 180 days
Long-biased (d)	77,203	Monthly	90 days
Multi-strategy (e)	1,056,449	Monthly, Quarterly, Semiannually, Annually	30 to 95 days
Relative-value (f)	281,962	Weekly, Quarterly	5 to 60 days
Total	<u>\$ 1,889,931</u>		

- (a) Directional strategies 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) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value.
- (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. All of the funds in this investment strategy are subject to maximum withdrawal restrictions.
- (d) Long-biased strategies 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 37 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, except share data)

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 40 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2020:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 715,185
Public Employees' Retirement System	639,185
Workers' Compensation Old Fund	146,853
West Virginia Retiree Health Benefit Trust Fund	99,375
State Police Death, Disability and Retirement Fund	60,955
Coal Workers' Pneumoconiosis Fund	42,684
Public Employees Insurance Agency	39,978
West Virginia Department of Environmental Protection Agency	37,297
Board of Risk and Insurance Management	31,303
Deputy Sheriff's Retirement System	22,070
State Police Retirement System	20,366
Judges' Retirement System	19,945
Workers' Compensation Self-Insured Employer Security Risk Pool	9,642
Emergency Medical Services Retirement System	8,161
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,532
Wildlife Endowment Fund	5,728
Workers' Compensation Uninsured Employers' Fund	2,657
West Virginia Department of Environmental Protection Trust	1,627
Municipal Police Officers' and Firefighters' Retirement System	1,277
Berkeley County Development Authority	589
Municipal Policemen's or Firemen's Pension and Relief Funds	379
Total	<u>\$ 1,911,788</u>