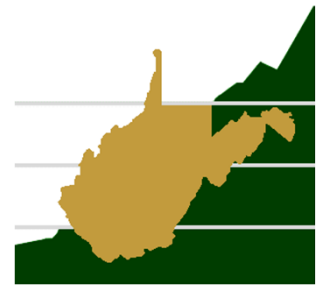


West Virginia Investment Management Board

Financial Statements

April 30, 2021



Financial Statements – Unaudited

April 30, 2021

Order of Presentation

Portable Alpha

Large Cap Domestic Equity

Non-Large Cap Domestic Equity

International Qualified

International Nonqualified

International Equity

Short-Term Fixed Income

Total Return Fixed Income

Core Fixed Income

TIPS

Private Markets

Hedge Fund

Financial Statements - Unaudited

April 30, 2021

Portable Alpha Pool

Financial Statements - Unaudited April 30, 2021

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Portable Alpha Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 1,173,940
Commingled equity fund	2,612,251
Fixed income investments	671,701
Derivative instruments	139,693
Money market mutual fund	543,894
Receivables:	
Investment funds redeemed	25,000
Interest, dividends and other investment income receivable	1,791
	<hr/>
Total assets	5,168,270

Liabilities

Cash received from brokers for derivative contracts	143,237
Accrued expenses	547
	<hr/>
Total liabilities	143,784
	<hr/>
Net position	\$ 5,024,486

Unit data

Units outstanding	103,773,221
Net position, unit price	\$ 48.42

See accompanying notes to financial statements.

Portable Alpha Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 272,851	\$ 1,233,978
Interest, dividends, and other investment income	503	4,819
Securities lending income	-	8
Total investment income	273,354	1,238,805
Expenses		
Investment advisor fees	(78)	(642)
Custodian bank fees	(3)	(22)
Management and other allocated fees	(105)	(867)
Professional service fees - direct	(16)	(158)
Securities lending expenses	-	(1)
Total expenses	(202)	(1,690)
Net investment income	273,152	1,237,115
Unit transactions		
In-kind transfers in	-	4,005,187
In-kind transfers out	-	(227,016)
Proceeds from sale of units	41	197,006
Amount paid for repurchase of units	(34,917)	(187,806)
Net increase (decrease) from unit transactions	(34,876)	3,787,371
Increase in net position	238,276	5,024,486
Net position, beginning of period	4,786,210	-
Net position, end of period	\$ 5,024,486	\$ 5,024,486

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

On July 1, 2020, the IMB created the Portable Alpha Pool (Pool). Portable alpha is an investment strategy that uses derivatives to obtain market index returns (beta), which frees up cash that is then invested in a separate investment strategy designed to provide additional return (alpha). On July 1, 2020, assets and liabilities with a fair value of \$1,841,727 were transferred in-kind from the Domestic Equity Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred in-kind from the Large Cap Domestic Equity Pool.

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

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

The Pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three- to five-year periods. The Pool has three main components: 1) a domestic large capitalization equity beta replication manager and the related margin account, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity index manager. Russell Investments Implementation Services, LLC (Russell) is the equity beta replication manager. Russell primarily trades S&P 500 futures contracts and invests the margin account in fixed income securities and a money market mutual fund. Albourne America, LLC has been retained by the IMB to provide consulting services for the portfolio of alternative risk premia funds. The remainder of the Pool's assets are invested in the BlackRock Equity Index Fund B (BlackRock). BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Investments in alternative risk premia funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of April 30, 2021.

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 - Through November 2020, the IMB, through its lending agent, Northern Trust, lent securities of the Pool to various brokers on a temporary basis. The IMB received compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities were 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.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index.

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

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

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

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

Unit Valuation and Participant Transactions - The unit price of the Pool is calculated on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

NOTE 3. INVESTMENT RISK DISCLOSURES

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

The table below presents the fair value, the fiscal year to date net increase (decrease) in fair value, and the notional amount of derivative financial instruments outstanding as of and for the period ended April 30, 2021:

<u>Derivative Type</u>	<u>Fair Value</u>	<u>Net Increase (Decrease) in Fair Value of Investments</u>	<u>Notional Value</u>
Futures contracts:			
Equity index futures long	<u>\$ 139,693</u>	<u>\$ 495,076</u>	<u>\$ 2,428,875</u>

NOTE 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at April 30, 2021. All of the Pool's investments in alternative risk premia funds (ARP) were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 18,103	\$ -	\$ 18,103
Commercial paper	-	198,106	-	198,106
Commingled equity fund	2,612,251	-	-	2,612,251
Corporate asset backed issues	-	24,462	-	24,462
Foreign corporate bonds	-	57,424	-	57,424
Futures contracts	139,693	-	-	139,693
Money market mutual fund	543,894	-	-	543,894
U.S. corporate bonds	-	34,561	-	34,561
U.S. Treasury bonds	-	225,542	-	225,542
U.S. Treasury inflation protected securities	-	113,503	-	113,503
Total	<u>\$ 3,295,838</u>	<u>\$ 671,701</u>	<u>\$ -</u>	<u>\$ 3,967,539</u>
Alternative risk premia funds				1,173,940
Total				<u>\$ 5,141,479</u>

The following table presents information on investments measured at the NAV as of April 30, 2021:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 145,878	Monthly	10 days
Multi-Premia (b)	1,028,062	Weekly, Semimonthly, Monthly	3 to 30 days
	<u>\$ 1,173,940</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) Multi-premia strategies combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through allocation adjustments based on market opportunities. Risk is managed through a variety of quantitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 15 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,221,767
Public Employees' Retirement System	1,990,975
West Virginia Retiree Health Benefit Trust Fund	363,791
State Police Death, Disability and Retirement Fund	188,168
Deputy Sheriff's Retirement System	70,760
State Police Retirement System	67,472
Judges' Retirement System	62,961
Emergency Medical Services Retirement System	26,740
Wildlife Endowment Fund	17,544
Natural Resources Police Officer Retirement System	5,616
Municipal Police Officers' and Firefighters' Retirement System	5,090
Berkeley County Development Authority	1,905
Municipal Policemen's or Firemen's Pension and Relief Funds	1,697
Total	<u>\$ 5,024,486</u>

Financial Statements - Unaudited

April 30, 2021

Large Cap Domestic Equity Pool

Financial Statements - Unaudited April 30, 2021

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Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

Commingled equity fund

\$ 374,826

Money market mutual fund

15,000

Total assets

389,826

Liabilities

Accrued expenses

25

Net position

\$ 389,801

Unit data

Units outstanding

8,157,202

Net position, unit price

\$ 47.79

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 19,746	\$ 263,323
Expenses		
Investment advisor fees	(3)	(61)
Custodian bank fees	-	(1)
Management and other allocated fees	(8)	(233)
Total expenses	(11)	(295)
Net investment income	19,735	263,028
Unit transactions		
In-kind transfers in	-	2,304,599
In-kind transfers out	-	(2,163,460)
Proceeds from sale of units	762	123,919
Amount paid for repurchase of units	(6,153)	(138,285)
Net increase (decrease) from unit transactions	(5,391)	126,773
Increase in net position	14,344	389,801
Net position, beginning of period	375,457	-
Net position, end of period	\$ 389,801	\$ 389,801

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

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

On July 1, 2020, the IMB created the Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of large-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$2,077,583 were transferred in-kind from the Domestic Equity Pool. In September 2020, the IMB determined that it was beneficial for participant plans with a portable alpha allocation to maintain their entire large capitalization equity allocation in the Portable Alpha Pool. Therefore, on October 1, 2020, assets and liabilities with a fair value of \$2,163,460 were transferred out of the Pool.

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Large Cap Domestic Equity 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 on the last business day of the month by dividing the net position of the Pool by the number of outstanding units. Participant accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

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 April 30, 2021.

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 April 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 374,826	\$ -	\$ -	\$ 374,826
Money market mutual fund	15,000	-	-	15,000
Total	<u>\$ 389,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,826</u>

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 162,206
Revenue Shortfall Reserve Fund - Part B	61,503
West Virginia Department of Environmental Protection Agency	47,009
Coal Workers' Pneumoconiosis Fund	36,911
Public Employees Insurance Agency	32,858
Board of Risk and Insurance Management	28,514
Workers' Compensation Self-Insured Employer Security Risk Pool	8,343
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,841
West Virginia Department of Environmental Protection Trust	3,562
Workers' Compensation Uninsured Employers' Fund	2,469
Municipal Policemen's or Firemen's Pension and Relief Funds	585
Total	<u>\$ 389,801</u>

Financial Statements - Unaudited

April 30, 2021

Non-Large Cap Domestic Equity Pool

Financial Statements - Unaudited April 30, 2021

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Non-Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Equity investments	\$	945,680
Money market mutual fund		9,853
Securities lending collateral		63,539
Receivables:		
Investments sold		33,927
Dividends and other investment income		405
		<hr/>
Total assets		1,053,404

Liabilities

Accrued expenses		204
Payable for investments purchased		6,669
Payable upon return of securities loaned		63,539
		<hr/>
Total liabilities		70,412
		<hr/>
Net position	\$	982,992
		<hr/> <hr/>

Unit data

Units outstanding		18,167,922
Net position, unit price	\$	54.11
		<hr/> <hr/>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 48,659	\$ 375,706
Interest, dividends, and other investment income	565	10,781
Securities lending income	23	233
Total investment income	49,247	386,720
Expenses		
Investment advisor fees	(39)	(689)
Custodian bank fees	(3)	(42)
Management and other allocated fees	(20)	(207)
Securities lending expenses	(3)	(30)
Total expenses	(65)	(968)
Net investment income	49,182	385,752
Unit transactions		
In-kind transfers	-	790,270
Proceeds from sale of units	10	2,925
Amount paid for repurchase of units	(40,985)	(195,955)
Net increase (decrease) from unit transactions	(40,975)	597,240
Increase in net position	8,207	982,992
Net position, beginning of period	974,785	-
Net position, end of period	\$ 982,992	\$ 982,992

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

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

On July 1, 2020, the IMB created the Non-Large Cap Domestic Equity Pool (Pool) to invest in U.S. equities of small- and mid-cap growth and value stocks. On July 1, 2020, assets and liabilities with a fair value of \$790,270 were transferred in-kind from the Domestic Equity Pool.

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

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

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets are managed by Russell Implementation Services, inception date December 1, 2020, and Westfield Capital Management. AJO managed assets through November 30, 2020.

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.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for 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.

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 accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price. In-kind transfers of net assets may occur between the investment pools managed by the IMB and are typically used when implementing a new pool structure as an efficient and cost-effective alternative to purchases and redemptions. In-kind transfers are executed at the prior month unit price at the time of transfer.

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 April 30, 2021.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements *(Amounts in thousands)*

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of April 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 945,680	\$ -	\$ -	\$ 945,680
Money market mutual fund	9,853	-	-	9,853
Securities lending collateral	63,539	-	-	63,539
Total	<u>\$ 1,019,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,072</u>

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at April 30, 2021:

	Fair Value
Securities on loan	\$ 173,955
Collateral received:	
Cash	\$ 63,539
Non-cash	117,735
Total collateral received	<u>\$ 181,274</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.

Non-Large Cap 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 April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 405,224
Public Employees' Retirement System	361,941
West Virginia Retiree Health Benefit Trust Fund	64,691
State Police Death, Disability and Retirement Fund	34,690
Workers' Compensation Old Fund	29,169
Deputy Sheriff's Retirement System	12,796
State Police Retirement System	12,081
Judges' Retirement System	11,451
Revenue Shortfall Reserve Fund - Part B	10,852
West Virginia Department of Environmental Protection Agency	8,410
Coal Workers' Pneumoconiosis Fund	6,673
Public Employees Insurance Agency	5,696
Board of Risk and Insurance Management	5,081
Emergency Medical Services Retirement System	4,807
Wildlife Endowment Fund	3,190
Workers' Compensation Self-Insured Employer Security Risk Pool	1,493
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,052
Natural Resources Police Officer Retirement System	946
Municipal Police Officers' and Firefighters' Retirement System	891
West Virginia Department of Environmental Protection Trust	661
Workers' Compensation Uninsured Employers' Fund	444
Municipal Policemen's or Firemen's Pension and Relief Funds	410
Berkeley County Development Authority	343
Total	<u>\$ 982,992</u>

Financial Statements - Unaudited

April 30, 2021

International Qualified Pool

Financial Statements - Unaudited April 30, 2021

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International Qualified Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 1,417,919

Liabilities

Accrued expenses 58

Net position \$ 1,417,861

Unit data

Units outstanding 15,975,697

Net position, unit price \$ 88.75

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 22,074	\$ 343,837
Expenses		
Investment advisor fees	(606)	(5,287)
Management and other allocated fees	<u>(29)</u>	<u>(288)</u>
Total expenses	<u>(635)</u>	<u>(5,575)</u>
Net investment income	21,439	338,262
Unit transactions		
Proceeds from sale of units	30	53,863
Amount paid for repurchase of units	<u>-</u>	<u>(3,588)</u>
Net increase from unit transactions	<u>30</u>	<u>50,275</u>
Increase in net position	21,469	388,537
Net position, beginning of period	<u>1,396,392</u>	<u>1,029,324</u>
Net position, end of period	<u>\$ 1,417,861</u>	<u>\$ 1,417,861</u>

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool invests in 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

International Qualified Pool

Notes to Financial Statements *(Amounts in thousands)*

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 680,020
Public Employees' Retirement System	606,562
State Police Death, Disability and Retirement Fund	58,362
Deputy Sheriff's Retirement System	21,473
State Police Retirement System	20,307
Judges' Retirement System	19,217
Emergency Medical Services Retirement System	8,070
Natural Resources Police Officer Retirement System	1,665
Municipal Police Officers' and Firefighters' Retirement System	1,495
Municipal Policemen's or Firemen's Pension and Relief Funds	690
Total	<u>\$ 1,417,861</u>

Financial Statements - Unaudited

April 30, 2021

International Nonqualified Pool

Financial Statements - Unaudited April 30, 2021

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International Nonqualified Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 214,081

Liabilities

Accrued expenses 9

Net position \$ 214,072

Unit data

Units outstanding 2,646,883

Net position, unit price \$ 80.88

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position - Unaudited

Period Ended April 30, 2021*

(Amounts in thousands, except unit data)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 3,301	\$ 51,871
Expenses		
Investment advisor fees	(104)	(926)
Management and other allocated fees	<u>(5)</u>	<u>(44)</u>
Total expenses	<u>(109)</u>	<u>(970)</u>
Net investment income	3,192	50,901
Unit transactions		
Proceeds from sale of units	833	1,971
Amount paid for repurchase of units	<u>(828)</u>	<u>(1,929)</u>
Net increase from unit transactions	<u>5</u>	<u>42</u>
Increase in net position	3,197	50,943
Net position, beginning of period	<u>210,875</u>	<u>163,129</u>
Net position, end of period	<u>\$ 214,072</u>	<u>\$ 214,072</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)

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of the investment fund in which the Pool invests that are reflected in the reported net asset value of such fund.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 97,934
Workers' Compensation Old Fund	46,006
Revenue Shortfall Reserve Fund - Part B	17,916
West Virginia Department of Environmental Protection Agency	12,779
Coal Workers' Pneumoconiosis Fund	10,759
Public Employees Insurance Agency	9,459
Board of Risk and Insurance Management	7,841
Wildlife Endowment Fund	5,148
Workers' Compensation Self-Insured Employer Security Risk Pool	2,403
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,633
West Virginia Department of Environmental Protection Trust	1,001
Workers' Compensation Uninsured Employers' Fund	666
Berkeley County Development Authority	527
Total	<u>\$ 214,072</u>

Financial Statements - Unaudited

April 30, 2021

International Equity Pool

**Financial Statements - Unaudited
April 30, 2021**

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International Equity Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 3,776,528
Money market mutual fund	16,975
Securities lending collateral	67,322
Cash	22,537
Receivables:	
Investments sold	13,740
Dividends and other investment income	18,318
	<hr/>
Total assets	3,915,420

Liabilities

Accrued expenses	6,085
Accrued capital gains taxes	1,915
Payable for investments purchased	13,379
Payable upon return of securities loaned	67,322
	<hr/>
Total liabilities	88,701
	<hr/>
Net position	\$ 3,826,719

Unit data

Units outstanding	88,314,506
Net position, unit price	\$ 43.33

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 118,470	\$ 1,226,965
Interest, dividends, and other investment income	9,664	70,485
Securities lending income	85	739
Total investment income	128,219	1,298,189
Expenses		
Investment advisor fees	(1,436)	(13,886)
Custodian bank fees	(84)	(812)
Management and other allocated fees	(79)	(878)
Securities lending expenses	(11)	(95)
Total expenses	(1,610)	(15,671)
Net investment income	126,609	1,282,518
Unit transactions		
Proceeds from sale of units	18	67,970
Amount paid for repurchase of units	(142,637)	(972,625)
Net decrease from unit transactions	(142,619)	(904,655)
Increase (decrease) in net position	(16,010)	377,863
Net position, beginning of period	3,842,729	3,448,856
Net position, end of period	\$ 3,826,719	\$ 3,826,719

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

- Equity securities 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.

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

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The 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 accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of April 30, 2021.

In certain foreign countries, the Pool's dividend income and capital gains may be taxable. Taxes on dividend income are generally withheld from the payments and as a result there is no provision recorded for these taxes. In certain cases there may be a full or partial reclaim available for the withheld taxes. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Dividend income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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 April 30, 2021. 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.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 3,240,392	\$ -	\$ -	\$ 3,240,392
Money market mutual fund	16,975	-	-	16,975
Preferred stock	39,771	-	-	39,771
Securities lending collateral	67,322	-	-	67,322
Total	<u>\$ 3,364,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,364,460</u>
Commingled equity fund				496,365
Total				<u>\$ 3,860,825</u>

The Pool's commingled equity fund investment was measured at the NAV as of April 30, 2021. 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 April 30, 2021.

	Fair Value
Securities on loan	\$ 161,175
Collateral received:	
Cash	\$ 67,322
Non-cash	104,389
Total collateral received	<u>\$ 171,711</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)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,564,603
Public Employees' Retirement System	1,400,767
West Virginia Retiree Health Benefit Trust Fund	265,457
State Police Death, Disability and Retirement Fund	133,678
Workers' Compensation Old Fund	116,093
Deputy Sheriff's Retirement System	49,906
State Police Retirement System	47,316
Judges' Retirement System	44,567
Revenue Shortfall Reserve Fund - Part B	43,874
West Virginia Department of Environmental Protection Agency	34,343
Coal Workers' Pneumoconiosis Fund	26,063
Public Employees Insurance Agency	22,950
Board of Risk and Insurance Management	20,722
Emergency Medical Services Retirement System	18,846
Wildlife Endowment Fund	12,514
Workers' Compensation Self-Insured Employer Security Risk Pool	5,896
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,236
Natural Resources Police Officer Retirement System	3,927
Municipal Police Officers' and Firefighters' Retirement System	3,583
West Virginia Department of Environmental Protection Trust	2,607
Workers' Compensation Uninsured Employers' Fund	1,798
Municipal Policemen's or Firemen's Pension and Relief Funds	1,594
Berkeley County Development Authority	1,379
Total	<u>\$ 3,826,719</u>

Financial Statements - Unaudited

April 30, 2021

Short-Term Fixed Income Pool

Financial Statements - Unaudited April 30, 2021

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Short-Term Fixed Income Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:

U.S. Treasury and government agency bonds	\$	149,436
Commercial paper		54,863
Repurchase agreement		57,711
Money market mutual fund		1
Receivable for interest and dividends		<u>225</u>

Total assets 262,236

Liabilities

Accrued expenses		<u>43</u>
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Net position \$ 262,193

Unit data

Units outstanding		262,205,201
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 April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income	\$ 10	\$ 278
Expenses		
Investment advisor fees	(12)	(127)
Custodian bank fees	-	(3)
Management and other allocated fees	(6)	(91)
Total expenses	(18)	(221)
Net investment income (loss)	(8)	57
Distributions to unitholders	-	(70)
Unit transactions		
Proceeds from sale of units	192,820	1,262,469
Reinvestment of distributions	-	70
Amount paid for repurchase of units	(148,284)	(1,616,874)
Net increase (decrease) from unit transactions	44,536	(354,335)
Increase (decrease) in net position	44,528	(354,348)
Net position, beginning of period	217,665	616,541
Net position, end of period	\$ 262,193	\$ 262,193

**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 FTSE 3 Month US T-Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at amortized cost provided such amounts approximate fair value in accordance with GASB Statements No. 72 and No. 79. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value, regardless of any current disparity between the amortized cost value and market value, and would not ordinarily be expected to fluctuate significantly in value. The Pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the stable net position value per share of \$1. Refer to Note 3 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

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

Investment Transactions - Investment transactions are accounted for on a trade date basis. Interest income, including the accretion of discounts and amortization of premiums, is accrued daily as earned. Dividend income is recognized on the ex-dividend date.

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

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. 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 April 30, 2021.

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 April 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 54,863	\$ -	\$ 54,863
Money market mutual fund	1	-	-	1
Repurchase agreement	-	57,711	-	57,711
U.S. Government agency bonds	-	14,999	-	14,999
U.S. Treasury bonds	-	134,437	-	134,437
Total	\$ 1	\$ 262,010	\$ -	\$ 262,011

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 April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 125,000
Teachers' Retirement System	52,908
Workers' Compensation Old Fund	41,007
Public Employees' Retirement System	13,762
Coal Workers' Pneumoconiosis Fund	10,300
Board of Risk and Insurance Management	9,326
Workers' Compensation Self-Insured Employer Security Risk Pool	2,337
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,820
Workers' Compensation Uninsured Employers' Fund	1,665
State Police Retirement System	1,106
Municipal Police Officers' and Firefighters' Retirement System	665
State Police Death, Disability and Retirement Fund	526
Judges' Retirement System	427
Emergency Medical Services Retirement System	421
Deputy Sheriff's Retirement System	409
Wildlife Endowment Fund	206
Natural Resources Police Officer Retirement System	200
Municipal Policemen's or Firemen's Pension and Relief Funds	120
Total	<u>\$ 262,205</u>

Financial Statements - Unaudited

April 30, 2021

Total Return Fixed Income Pool

Financial Statements - Unaudited April 30, 2021

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Total Return Fixed Income Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,620,136
Derivative instruments	60,836
Equity investments	13,034
Money market mutual fund	286,090
Securities lending collateral	38,517
Cash	15,269
Cash with brokers for derivative contracts	3,143
Receivables:	
Interest, dividends, and other investment income	16,362
Investments sold	177,577
	<hr/>
Total assets	3,230,964

Liabilities

Investments in derivative instruments at fair value	37,780
Securities sold short at fair value	101
Accrued expenses	2,119
Payable for investments purchased	273,288
Payable upon return of securities loaned	38,517
	<hr/>
Total liabilities	351,805
	<hr/>
Net position	\$ 2,879,159

Unit data

Units outstanding	164,850,432
Net position, unit price	<hr/> <hr/> \$ 17.47

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 21,674	\$ 48,059
Interest, dividends, and other investment income	6,895	64,132
Securities lending income	21	171
Total investment income	28,590	112,362
Expenses		
Investment advisor fees	(512)	(4,621)
Custodian bank fees	(13)	(114)
Management and other allocated fees	(60)	(615)
Securities lending expenses	(2)	(22)
Total expenses	(587)	(5,372)
Net investment income	28,003	106,990
Unit transactions		
Proceeds from sale of units	81,991	809,430
Amount paid for repurchase of units	(7,416)	(147,406)
Net increase from unit transactions	74,575	662,024
Increase in net position	102,578	769,014
Net position, beginning of period	2,776,581	2,110,145
Net position, end of period	\$ 2,879,159	\$ 2,879,159

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Futures Contracts - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index.

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

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

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

Foreign Currency 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. A basis swap is a type of interest rate swap that exchanges one floating rate for another. 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 accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of April 30, 2021.

In certain foreign countries, the Pool's interest income and capital gains may be taxable. Taxes on interest income are generally withheld from the payments and as a result there is no provision recorded for these taxes. In certain cases, there may be a full or partial reclaim available for the withheld taxes. Capital gains taxes, if any, on sales of securities may be assessed and paid concurrent with the sale or upon the filing of a return with the taxing authority. In countries where the IMB is liable for capital gains taxes, the IMB will estimate and accrue a capital gains tax liability for unrealized gains on securities held in such countries. The outstanding reclaims and accrued capital gains taxes, when applicable, are reported on the Statement of Net Position. Interest income is reported net of non-reclaimable taxes withheld on the Statement of Changes in Net Position. The net increase (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

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, total return swaps, and basis 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 fiscal year to date net increase (decrease) in fair value of derivative financial instruments outstanding as of and for the period ended April 30, 2021:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ (618)	\$ (1,820)
Futures contracts:		
Fixed income futures long	(5,262)	(25,956)
Fixed income futures short	3,037	25,115
Options contracts:		
Fixed income options purchased	1,598	(27,613)
Fixed income options written	(2,639)	28,544
Credit default swaptions purchased	9	(996)
Credit default swaptions written	(30)	1,738
Interest rate swaptions purchased	573	2,301
Interest rate swaptions written	(241)	(454)
Swaps:		
Basis swaps	-	2
Credit default swaps protection buyer	(783)	(590)
Credit default swaps protection seller	801	3,145
Interest rate swaps	27,029	33,365
Total return swaps	(418)	(418)
Total	<u>\$ 23,056</u>	<u>\$ 36,363</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 April 30, 2021:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forwards	\$ 91	\$ (64)	\$ -	\$ -	\$ 27
Swaptions	582	(81)	-	-	501
Swaps	2,815	(2,797)	-	-	18
Total	<u>\$ 3,488</u>	<u>\$ (2,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546</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 April 30, 2021:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	BBB	\$ 134
Credit default swaptions purchased	A	9
Interest rate swaptions purchased	BBB	573
Credit default swaps protection seller	A	141

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of April 30, 2021:

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ (5,262)	\$ (5,019)	\$ (243)	\$ -	\$ -
Fixed income futures short	3,037	3,037	-	-	-
Options contracts:					
Fixed income options purchased	1,598	1,598	-	-	-
Fixed income options written	(2,639)	(2,639)	-	-	-
Interest rate swaptions purchased	573	573	-	-	-
Interest rate swaptions written	(241)	(241)	-	-	-
Swaps:					
Interest rate swaps	27,029	-	(504)	4,694	22,839
Total	<u>\$ 24,095</u>	<u>\$ (2,691)</u>	<u>\$ (747)</u>	<u>\$ 4,694</u>	<u>\$ 22,839</u>

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

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At April 30, 2021, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
6/15/2022	Receive Fixed 0.19%, Pay Floating 3-Month Libor	\$ 171,933	\$ (44)
12/18/2025	Receive Fixed 1.10%, Pay Floating 3-Month Libor	66,899	(460)
5/15/2027	Receive Floating 3-Month Libor, Pay Fixed 0.45%	28,768	1,228
11/15/2045	Receive Floating 3-Month Libor, Pay Fixed 0.80%	64,707	16,465
3/17/2050	Receive Floating 3-Month Libor, Pay Fixed 0.90%	2,067	554
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.20%	13,692	2,485
10/7/2050	Receive Floating 3-Month Libor, Pay Fixed 1.20%	3,807	770
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.23%	6,697	1,180
2/15/2028	Receive Floating 3-Month Libor, Pay Fixed 1.25%	2,002	10
2/15/2028	Receive Floating 3-Month Libor, Pay Fixed 1.35%	97,768	(163)
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 1.60%	3,010	293
2/15/2047	Receive Floating 3-Month Libor, Pay Fixed 2.00%	15,668	257
6/3/2051	Receive Floating 3-Month Libor, Pay Fixed 2.00%	588	11
6/7/2051	Receive Floating 3-Month Libor, Pay Fixed 2.05%	1,760	12
5/15/2027	Receive Floating Fed Funds, Pay Fixed 0.26%	37,177	1,593
7/20/2045	Receive Floating SOFR, Pay Fixed 0.56%	15,810	3,890
		\$ 532,353	\$ 28,081

At April 30, 2021, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (USD)	Fair Value
1/4/2027	Receive Fixed 7.02%, Pay Floating Brazil CDI	\$ 6,382	\$ 14
1/4/2027	Receive Fixed 7.04%, Pay Floating Brazil CDI	1,530	5
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	19,815	1,016
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	19,035	990
4/19/2047	Receive Floating 6-Month JPY Libor, Pay Fixed 0.79%	43,026	(3,077)
		\$ 89,788	\$ (1,052)

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 April 30, 2021, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ (7)	\$ 50	\$ -	\$ 43
Brazil Real	(2)	-	19	17
British Pound	(131)	381	-	250
Euro Currency Unit	(86)	1,555	(24)	1,445
Japanese Yen	(187)	-	(3,077)	(3,264)
Mexican Peso	14	-	2,006	2,020
Russian Ruble	(219)	-	-	(219)
Total foreign denominated derivatives	(618)	1,986	(1,076)	292
U.S. Dollar	-	(4,211)	27,705	23,494
Total	\$ (618)	\$ (2,225)	\$ 26,629	\$ 23,786

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 (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at April 30, 2021. 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	\$ -	\$ 1,695	\$ -	\$ 1,695
Corporate asset backed issues	-	88,643	-	88,643
Corporate CMO	-	64,978	-	64,978
Corporate CMO interest-only	-	28	-	28
Corporate preferred securities	10,556	-	-	10,556
Foreign asset backed issues	-	42,548	-	42,548
Foreign corporate bonds	-	281,438	-	281,438
Foreign currency forward contracts	-	134	-	134
Foreign equity investments	783	-	-	783
Foreign government bonds	-	297,351	-	297,351
Futures contracts	4,474	-	-	4,474
Money market mutual fund	286,090	-	-	286,090
Municipal bonds	-	28,331	-	28,331
Options contracts purchased	1,598	582	-	2,180
Securities lending collateral	38,517	-	-	38,517
Swaps	-	54,048	-	54,048
U.S. corporate bonds	-	383,894	-	383,894
U.S. Government agency CMO	-	65,103	-	65,103
U.S. Government agency CMO interest-only	-	6,130	-	6,130
U.S. Government agency MBS	-	369,734	-	369,734
U.S. Government agency TBAs	-	94,566	-	94,566
U.S. Treasury bonds	-	504,992	-	504,992
Total	<u>\$ 342,018</u>	<u>\$ 2,284,195</u>	<u>\$ -</u>	<u>\$ 2,626,213</u>
Commingled debt funds				392,400
Total				<u>\$ 3,018,613</u>

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (752)	\$ -	\$ (752)
Futures contracts	(6,699)	-	-	(6,699)
Options contracts written	(2,639)	(271)	-	(2,910)
Securities sold short	-	(101)	-	(101)
Swaps	-	(27,419)	-	(27,419)
Total	<u>\$ (9,338)</u>	<u>\$ (28,543)</u>	<u>\$ -</u>	<u>\$ (37,881)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of April 30, 2021. 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 April 30, 2021:

	Fair Value
Securities on loan	\$ 283,425
Collateral received:	
Cash	\$ 38,517
Non-cash	252,814
Total collateral received	\$ 291,331

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 April 30, 2021:

Participant	Account Value
Teachers' Retirement System	\$ 898,761
Public Employees' Retirement System	809,128
Workers' Compensation Old Fund	297,831
Revenue Shortfall Reserve Fund - Part B	206,767
West Virginia Retiree Health Benefit Trust Fund	153,531
State Police Death, Disability and Retirement Fund	76,725
Public Employees Insurance Agency	73,277
West Virginia Department of Environmental Protection Agency	64,771
Coal Workers' Pneumoconiosis Fund	59,546
Revenue Shortfall Reserve Fund	57,714
Board of Risk and Insurance Management	45,745
Deputy Sheriff's Retirement System	29,257
State Police Retirement System	27,886
Judges' Retirement System	26,078
Workers' Compensation Self-Insured Employer Security Risk Pool	13,451
Emergency Medical Services Retirement System	11,042
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,397
Wildlife Endowment Fund	7,251
Workers' Compensation Uninsured Employers' Fund	3,377
Natural Resources Police Officer Retirement System	2,259
Municipal Police Officers' and Firefighters' Retirement System	2,109
Municipal Policemen's or Firemen's Pension and Relief Funds	1,309
West Virginia Department of Environmental Protection Trust	1,160
Berkeley County Development Authority	787
Total	\$ 2,879,159

Financial Statements - Unaudited

April 30, 2021

Core Fixed Income Pool

Financial Statements - Unaudited April 30, 2021

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Core Fixed Income Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Fixed income investments	\$	1,180,850
Equity investments		1,202
Money market mutual fund		81,775
Securities lending collateral		28,002
Receivables:		
Interest, dividends, and other investment income		5,452
Investments sold		8,308
		<u>8,308</u>
	Total assets	1,305,589

Liabilities

Accrued expenses		628
Payable for investments purchased		45,235
Payable upon return of securities loaned		28,002
		<u>28,002</u>
	Total liabilities	73,865
	Net position	\$ 1,231,724

Unit data

Units outstanding		96,829,872
Net position, unit price	\$	<u>12.72</u>

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Change in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ 6,752	\$ (25,387)
Interest, dividends, and other investment income	2,789	25,063
Securities lending income	16	117
Total investment income (loss)	9,557	(207)
Expenses		
Investment advisor fees	(146)	(1,267)
Custodian bank fees	(3)	(32)
Management and other allocated fees	(26)	(264)
Securities lending expenses	(2)	(15)
Total expenses	(177)	(1,578)
Net investment income (loss)	9,380	(1,785)
Unit transactions		
Proceeds from sale of units	37,160	326,261
Amount paid for repurchase of units	(3,129)	(19,001)
Net increase from unit transactions	34,031	307,260
Increase in net position	43,411	305,475
Net position, beginning of period	1,188,313	926,249
Net position, end of period	\$ 1,231,724	\$ 1,231,724

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

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

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 accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of April 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 123,220	\$ -	\$ 123,220
Corporate CMO	-	80,632	-	80,632
Corporate CMO interest-only	-	202	-	202
Corporate CMO principal-only	-	57	-	57
Corporate preferred securities	1,202	-	-	1,202
Foreign asset backed issues	-	1,075	-	1,075
Foreign corporate bonds	-	102,561	-	102,561
Foreign government bonds	-	6,457	-	6,457
Money market mutual fund	81,775	-	-	81,775
Municipal bonds	-	11,741	-	11,741
Securities lending collateral	28,002	-	-	28,002
U.S. corporate bonds	-	275,621	-	275,621
U.S. Government agency CMO	-	91,195	-	91,195
U.S. Government agency CMO interest-only	-	3,525	-	3,525
U.S. Government agency CMO principal-only	-	3,364	-	3,364
U.S. Government agency MBS	-	178,206	-	178,206
U.S. Government agency TBAs	-	30,519	-	30,519
U.S. Treasury bonds	-	272,001	-	272,001
U.S. Treasury inflation protected securities	-	474	-	474
Total	<u>\$ 110,979</u>	<u>\$ 1,180,850</u>	<u>\$ -</u>	<u>\$ 1,291,829</u>

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at April 30, 2021:

	<u>Fair Value</u>
Securities on loan	\$ 172,258
Collateral received:	
Cash	\$ 28,002
Non-cash	149,269
Total collateral received	<u>\$ 177,271</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 April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 384,734
Public Employees' Retirement System	347,069
Workers' Compensation Old Fund	126,898
Revenue Shortfall Reserve Fund - Part B	88,094
West Virginia Retiree Health Benefit Trust Fund	65,771
State Police Death, Disability and Retirement Fund	32,851
Public Employees Insurance Agency	31,326
West Virginia Department of Environmental Protection Agency	27,610
Coal Workers' Pneumoconiosis Fund	25,386
Revenue Shortfall Reserve Fund	24,609
Board of Risk and Insurance Management	19,520
Deputy Sheriff's Retirement System	12,511
State Police Retirement System	11,913
Judges' Retirement System	11,154
Workers' Compensation Self-Insured Employer Security Risk Pool	5,737
Emergency Medical Services Retirement System	4,720
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,009
Wildlife Endowment Fund	3,096
Workers' Compensation Uninsured Employers' Fund	1,442
Natural Resources Police Officer Retirement System	979
Municipal Police Officers' and Firefighters' Retirement System	903
Municipal Policemen's or Firemen's Pension and Relief Funds	560
West Virginia Department of Environmental Protection Trust	496
Berkeley County Development Authority	336
Total	<u>\$ 1,231,724</u>

Financial Statements - Unaudited

April 30, 2021

TIPS Pool

Financial Statements - Unaudited April 30, 2021

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TIPS Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investment in commingled bond fund at fair value	\$	403,569
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Liabilities

Accrued expenses		39
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Payable for investments purchased		<u>4,000</u>
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Total liabilities		<u>4,039</u>
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Net position	\$	<u><u>399,530</u></u>
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Unit data

Units outstanding		29,429,688
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Net position, unit price	\$	<u><u>13.58</u></u>
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See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 5,513	\$ 15,524
Expenses		
Investment advisor fees	(6)	(51)
Custodian bank fees	-	(1)
Management and other allocated fees	(8)	(86)
Total expenses	(14)	(138)
Net investment income	5,499	15,386
Unit transactions		
Proceeds from sale of units	2,258	100,348
Amount paid for repurchase of units	(2,249)	(6,838)
Net increase from unit transactions	9	93,510
Increase in net position	5,508	108,896
Net position, beginning of period	394,022	290,634
Net position, end of period	\$ 399,530	\$ 399,530

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

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

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 April 30, 2021:

Assets	Level 1	Level 2	Level 3	Total
Commingled bond fund	\$ 403,569	\$ -	\$ -	\$ 403,569

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 April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund - Part B	\$ 119,310
Workers' Compensation Old Fund	105,390
Revenue Shortfall Reserve Fund	82,889
Public Employees Insurance Agency	39,474
Coal Workers' Pneumoconiosis Fund	23,811
Board of Risk and Insurance Management	18,027
Workers' Compensation Self-Insured Employer Security Risk Pool	5,358
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,720
Workers' Compensation Uninsured Employers' Fund	1,551
Total	<u>\$ 399,530</u>

Financial Statements - Unaudited

April 30, 2021

Private Markets Pool

Financial Statements - Unaudited April 30, 2021

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Private Markets Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 4,907,731
Equity investments	167,592
Fixed income investments	12,565
Money market mutual fund	161,678
Securities lending collateral	5,898
Interest, dividends, and other investment income	<u>489</u>
Total assets	5,255,953

Liabilities

Accrued expenses	918
Payable for investments purchased	422
Payable upon return of securities loaned	<u>5,898</u>
Total liabilities	<u>7,238</u>

Net position \$ 5,248,715

Unit data

Units outstanding	221,361,381
Net position, unit price	<u><u>\$ 23.71</u></u>

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 131,699	\$ 578,967
Income from partnerships and funds	18,660	96,446
Interest, dividends, and other investment income	357	4,664
Fund closing interest	36	1,167
Securities lending income	6	52
Total investment income	150,758	681,296
Expenses		
Investment advisor fees	(168)	(849)
Custodian bank fees	(3)	(33)
Management and other allocated fees	(107)	(1,173)
Professional service fees - direct	(111)	(1,128)
Management fees - external	(1,401)	(5,343)
Fund closing costs	(66)	(1,314)
Securities lending expenses	(1)	(7)
Total expenses	(1,857)	(9,847)
Net investment income	148,901	671,449
Unit transactions		
Proceeds from sale of units	32,295	85,468
Amount paid for repurchase of units	(7,564)	(315,747)
Net increase (decrease) from unit transactions	24,731	(230,279)
Increase in net position	173,632	441,170
Net position, beginning of period	5,075,083	4,807,545
Net position, end of period	\$ 5,248,715	\$ 5,248,715

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The Pool primarily holds the IMB's investments in private credit & income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. The selection of investments in the Pool are approved by the Board of Trustees or by its established committees.

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, private credit & 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 April 30, 2021.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. Dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. Securities lending income and expenses are recorded in the Statement of Changes in Net Position. The IMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

Foreign Currency - 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.

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.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Direct investment-related costs include fees charged by external managers that are outside of their respective partnership or fund, the custodian bank, legal counsel, and the consultant. Other expenses are allocated to the individual pools based on asset size.

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal and state income taxes is required as of April 30, 2021.

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.

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.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

Level 3 Unobservable pricing inputs for assets and liabilities with redemption terms that are not short term.

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at April 30, 2021. All of the Pool's investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 45,716	\$ -	\$ -	\$ 45,716
Money market mutual fund	161,678	-	-	161,678
Securities lending collateral	5,898	-	-	5,898
U.S. common stock	107,227	-	-	107,227
U.S. corporate bonds	-	12,565	-	12,565
U.S. preferred stock	14,649	-	-	14,649
Total	<u>\$ 335,168</u>	<u>\$ 12,565</u>	<u>\$ -</u>	<u>\$ 347,733</u>
Private credit & income funds				668,207
Private equity partnerships				2,351,793
Real estate limited partnerships and funds				1,887,731
Total				<u>\$ 5,255,464</u>

The following table presents information on investments measured at the NAV as of April 30, 2021:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range (a)	Redemption Frequency	Redemption Notice Period
Private credit & income funds:					
Middle Market Loan Funds (b)	\$ 313,175	\$ 159,641	2026	N/A	N/A
Real Estate Income Funds (c)	355,032	130,232	2022 to 2031	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,480,073	701,113	2021 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (e)	57,581	15,347	2021	N/A	N/A
Corporate Finance - Growth Equity (f)	103,975	75,069	2021 to 2030	N/A	N/A
Corporate Finance - Hard Assets (g)	96,402	39,684	2021 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	78,065	38,769	2021 to 2028	N/A	N/A
Corporate Finance - Turnaround (i)	91,360	87,759	2021 to 2032	N/A	N/A
Venture Capital (j)	444,337	91,462	2023 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core Funds (k)	1,020,309	49,784	2022	Quarterly	30-60 days
Opportunistic Funds (l)	317,925	163,285	2021 to 2029	N/A	N/A
Value Funds (m)	549,497	464,403	2021 to 2031	N/A	N/A
Total	<u>\$ 4,907,731</u>	<u>\$ 2,016,548</u>			

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (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.
- (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 April 30, 2021:

	Fair Value
Securities on loan	\$ 24,765
Collateral received:	
Cash	\$ 5,898
Non-cash	20,094
Total collateral received	<u>\$ 25,992</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.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,326,487
Public Employees' Retirement System	2,078,797
West Virginia Retiree Health Benefit Trust Fund	374,317
State Police Death, Disability and Retirement Fund	199,411
Deputy Sheriff's Retirement System	73,603
State Police Retirement System	69,544
Judges' Retirement System	65,850
Emergency Medical Services Retirement System	27,683
Wildlife Endowment Fund	18,364
Natural Resources Police Officer Retirement System	5,741
Municipal Police Officers' and Firefighters' Retirement System	5,195
Berkeley County Development Authority	1,968
Municipal Policemen's or Firemen's Pension and Relief Funds	1,755
Total	<u>\$ 5,248,715</u>

Financial Statements - Unaudited

April 30, 2021

Hedge Fund Pool

Financial Statements - Unaudited April 30, 2021

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Hedge Fund Pool

Statement of Net Position - Unaudited

April 30, 2021

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Hedge funds	\$ 2,360,236
Money market mutual fund	2,862
Receivables:	
Investment funds redeemed	2,359
Interest and dividends	<u>138</u>
Total assets	2,365,595

Liabilities

Accrued expenses	<u>166</u>
Net position	<u>\$ 2,365,429</u>

Unit data

Units outstanding	131,542,573
Net position, unit price	<u>\$ 17.98</u>

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position - Unaudited
Period Ended April 30, 2021*
(Amounts in thousands)

	<u>Month</u>	<u>Year To Date</u>
Investment income (loss)		
Net increase in fair value of investments	\$ 47,941	\$ 354,017
Interest, dividends, and other investment income	(1)	(6)
Total investment income	47,940	354,011
Expenses		
Professional service fees - direct	(33)	(333)
Custodian bank fees	(1)	(1)
Management and other allocated fees	(49)	(520)
Total expenses	(83)	(854)
Net investment income	47,857	353,157
Unit transactions		
Proceeds from sale of units	23,470	80,288
Amount paid for repurchase of units	(24,413)	(102,104)
Net decrease from unit transactions	(943)	(21,816)
Increase in net position	46,914	331,341
Net position, beginning of period	2,318,515	2,034,088
Net position, end of period	<u>\$ 2,365,429</u>	<u>\$ 2,365,429</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)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

- Investments in hedge funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of April 30, 2021.
- 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)

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 accounts undergo a monthly rebalancing process to maintain their defined asset allocation. Participant transactions that occur as part of the rebalancing process are executed as a purchase or redemption on the first business day of each month using the prior month end unit price.

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the individual pools based on asset size. The IMB pays all expenses on behalf of the Pool. In addition to these direct and allocated expenses, the Pool bears certain expenses indirectly, such as fees of other investment funds in which the Pool invests that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of April 30, 2021.

NOTE 3. FAIR VALUE MEASUREMENTS

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

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

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

Level 3 Unobservable pricing inputs for assets and liabilities with redemption terms that are not short term.

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

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at April 30, 2021. 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	\$ 2,862	\$ -	\$ -	\$ 2,862
Hedge funds				2,360,236
Total				\$ 2,363,098

The following table presents information on investments measured at the NAV as of April 30, 2021:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 233,216	Monthly, Quarterly	5 to 30 days
Equity long/short (b)	411,958	Monthly, Quarterly	60 to 90 days
Event-driven (c)	90,142	Quarterly	180 days
Long-biased (d)	77,085	Monthly	90 days
Multi-strategy (e)	1,207,044	Monthly, Quarterly, Semiannually, Annually	30 to 95 days
Relative-value (f)	327,260	Weekly, Quarterly	5 to 60 days
	\$ 2,346,705		
In liquidation (g)	13,531		
Total	\$ 2,360,236		

- (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. Investments representing approximately 67 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased 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 79 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 42 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at April 30, 2021:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 884,783
Public Employees' Retirement System	791,514
Workers' Compensation Old Fund	158,957
West Virginia Retiree Health Benefit Trust Fund	144,122
State Police Death, Disability and Retirement Fund	75,754
Public Employees Insurance Agency	51,674
Coal Workers' Pneumoconiosis Fund	48,177
West Virginia Department of Environmental Protection Agency	46,308
Board of Risk and Insurance Management	37,038
Deputy Sheriff's Retirement System	28,161
State Police Retirement System	26,678
Judges' Retirement System	25,149
Workers' Compensation Self-Insured Employer Security Risk Pool	10,872
Emergency Medical Services Retirement System	10,616
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	7,612
Wildlife Endowment Fund	6,976
Workers' Compensation Uninsured Employers' Fund	3,196
West Virginia Department of Environmental Protection Trust	2,208
Natural Resources Police Officer Retirement System	2,202
Municipal Police Officers' and Firefighters' Retirement System	2,006
Berkeley County Development Authority	754
Municipal Policemen's or Firemen's Pension and Relief Funds	672
Total	<u>\$ 2,365,429</u>