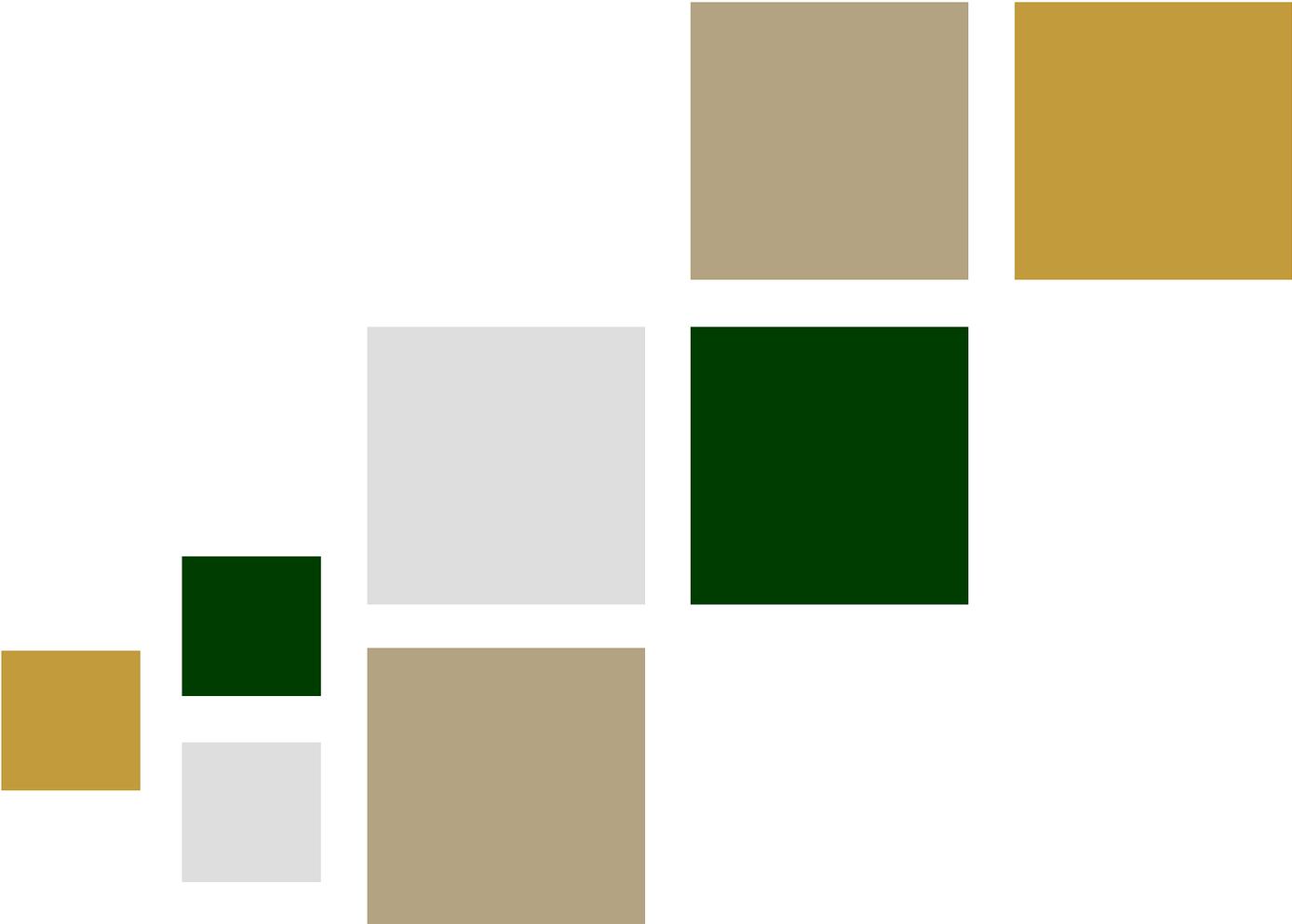
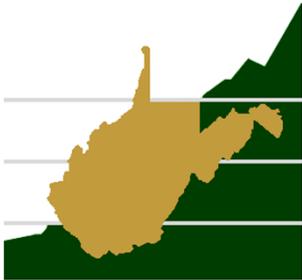


West Virginia Investment Management Board

Financial Statements

May 31, 2023



Financial Statements – Unaudited

May 31, 2023

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

May 31, 2023

Portable Alpha Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Portable Alpha Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 1,893,317
Commingled equity fund	1,806,936
Fixed income investments	771,993
Derivative instruments	187,083
Money market mutual fund	543,453
Receivable for interest and dividends	<u>4,623</u>
Total assets	5,207,405

Liabilities

Cash received from brokers for derivative contracts	195,399
Accrued expenses	<u>469</u>
Total liabilities	<u>195,868</u>
Net position	<u><u>\$ 5,011,537</u></u>

Unit data

Units outstanding	102,118,147
Net position, unit price	<u><u>\$ 49.08</u></u>

See accompanying notes to financial statements.

Portable Alpha Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 8,016	\$ 479,923
Interest and dividends	3,459	35,155
Total investment income	11,475	515,078
Expenses		
Investment advisor fees	(90)	(988)
Custodian bank fees	(2)	(23)
Management and other allocated fees	(125)	(1,435)
Professional service fees - direct	(12)	(147)
Total expenses	(229)	(2,593)
Net investment income	11,246	512,485
Unit transactions		
Proceeds from sale of units	223	559,509
Amount paid for repurchase of units	(131,359)	(810,870)
Net decrease from unit transactions	(131,136)	(251,361)
Increase (decrease) in net position	(119,890)	261,124
Net position, beginning of period	5,131,427	4,750,413
Net position, end of period	\$ 5,011,537	\$ 5,011,537

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Portable Alpha Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Investments in alternative risk premia funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of May 31, 2023.

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

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

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

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

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

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

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

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

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

The table below presents the fair value, the fiscal year to date net increase (decrease) in fair value, and the notional amount of derivative financial instruments outstanding as of and for the period ended May 31, 2023:

<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>\$ 187,083</u>	<u>\$ 300,836</u>	<u>\$ 3,276,552</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 May 31, 2023. 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	\$ -	\$ 37,299	\$ -	\$ 37,299
Commercial paper	-	236,324	-	236,324
Commingled equity fund	1,806,936	-	-	1,806,936
Corporate asset backed issues	-	13,599	-	13,599
Foreign corporate bonds	-	10,500	-	10,500
Futures contracts	187,083	-	-	187,083
Money market mutual fund	543,453	-	-	543,453
U.S. corporate bonds	-	14,278	-	14,278
U.S. Government agency bonds	-	50,607	-	50,607
U.S. Treasury bonds	-	275,707	-	275,707
U.S. Treasury inflation protected securities	-	133,679	-	133,679
Total	<u>\$ 2,537,472</u>	<u>\$ 771,993</u>	<u>\$ -</u>	<u>\$ 3,309,465</u>
Alternative risk premia funds				1,893,317
Total				<u>\$ 5,202,782</u>

The following table presents information on investments measured at the NAV as of May 31, 2023:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 347,724	Monthly	10 to 30 days
Multi-Premia (b)	1,415,818	Daily, Weekly, Semimonthly, Monthly	2 to 60 days
Relative-Value (c)	129,775	Monthly	30 days
	<u>\$ 1,893,317</u>		

- (a) Directional funds employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) Multi-premia funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through allocation adjustments based on market opportunities. Risk is managed through a variety of quantitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 6 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 4. FAIR VALUE MEASUREMENTS (continued)

(c) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity.

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,155,961
Public Employees' Retirement System	1,952,902
West Virginia Retiree Health Benefit Trust Fund	395,622
State Police Death, Disability and Retirement Fund	182,616
State Police Retirement System	73,860
Deputy Sheriff's Retirement System	73,078
Judges' Retirement System	64,514
Municipal Policemen's or Firemen's Pension and Relief Funds	43,945
Emergency Medical Services Retirement System	28,318
Wildlife Endowment Fund	16,536
West Virginia State Parks and Recreation Endowment Fund	7,950
Municipal Police Officers' and Firefighters' Retirement System	7,900
Natural Resources Police Officer Retirement System	6,358
Berkeley County Development Authority	1,977
Total	<u>\$ 5,011,537</u>

Financial Statements - Unaudited

May 31, 2023

Large Cap Domestic Equity Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Commingled equity fund	\$	297,433
Money market mutual fund		10,501
Dividends receivable		<u>1</u>
Total assets		307,935

Liabilities

Accrued expenses		<u>19</u>
Net position	\$	<u><u>307,916</u></u>

Unit data

Units outstanding		6,252,520
Net position, unit price	\$	<u><u>49.25</u></u>

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 1,391	\$ 34,296
Interest and dividends	1	6
Total investment income	1,392	34,302
Expenses		
Investment advisor fees	(2)	(21)
Custodian bank fees	-	(1)
Management and other allocated fees	(8)	(88)
Total expenses	(10)	(110)
Net investment income	1,382	34,192
Unit transactions		
Proceeds from sale of units	-	43,173
Amount paid for repurchase of units	(2,686)	(78,267)
Net decrease from unit transactions	(2,686)	(35,094)
Decrease in net position	(1,304)	(902)
Net position, beginning of period	309,220	308,818
Net position, end of period	\$ 307,916	\$ 307,916

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

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 297,433	\$ -	\$ -	\$ 297,433
Money market mutual fund	10,501	-	-	10,501
Total	<u>\$ 307,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,934</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 May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 113,906
Revenue Shortfall Reserve Fund - Part B	47,367
West Virginia Department of Environmental Protection Agency	42,735
Coal Workers' Pneumoconiosis Fund	26,595
Board of Risk and Insurance Management	24,049
Public Employees Insurance Agency	18,502
Revenue Shortfall Reserve Fund	17,560
Workers' Compensation Self-Insured Employer Security Risk Pool	6,426
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,856
West Virginia Department of Environmental Protection Trust	3,006
Workers' Compensation Uninsured Employers' Fund	2,182
Municipal Policemen's or Firemen's Pension and Relief Funds	732
Total	<u>\$ 307,916</u>

Financial Statements - Unaudited

May 31, 2023

Non-Large Cap Domestic Equity Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Non-Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Equity investments	\$	950,130
Money market mutual fund		30,096
Securities lending collateral		91,432
Cash		1
Receivables:		
Investments sold		6,763
Dividends and other investment income		965
		<hr/>
Total assets		1,079,387

Liabilities

Accrued expenses		1,673
Payable for investments purchased		8,131
Payable upon return of securities loaned		91,432
		<hr/>
Total liabilities		101,236
		<hr/>
Net position	\$	<u>978,151</u>

Unit data

Units outstanding		19,561,531
Net position, unit price	\$	<u>50.00</u>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (5,284)	\$ 148,447
Dividends	1,202	10,828
Securities lending income	437	5,022
Total investment income (loss)	(3,645)	164,297
Expenses		
Investment advisor fees	(763)	(8,340)
Custodian bank fees	(4)	(36)
Management and other allocated fees	(26)	(293)
Securities lending expenses	(394)	(4,533)
Total expenses	(1,187)	(13,202)
Net investment income (loss)	(4,832)	151,095
Unit transactions		
Proceeds from sale of units	3,181	105,371
Amount paid for repurchase of units	(36)	(132,118)
Net increase (decrease) from unit transactions	3,145	(26,747)
Increase (decrease) in net position	(1,687)	124,348
Net position, beginning of period	979,838	853,803
Net position, end of period	\$ 978,151	\$ 978,151

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

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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.

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

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

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

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

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

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

Non-Large Cap Domestic 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 May 31, 2023.

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

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 881,435	\$ -	\$ -	\$ 881,435
Foreign common stock	68,695	-	-	68,695
Money market mutual fund	30,096	-	-	30,096
Securities lending collateral	91,432	-	-	91,432
Total	<u>\$ 1,071,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,071,658</u>

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2023:

	Fair Value
Securities on loan	\$ 275,725
Collateral received:	
Cash	\$ 91,432
Non-cash	194,208
Total collateral received	\$ 285,640

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

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

Participant	Account Value
Teachers' Retirement System	\$ 397,446
Public Employees' Retirement System	358,944
West Virginia Retiree Health Benefit Trust Fund	73,756
State Police Death, Disability and Retirement Fund	33,666
Workers' Compensation Old Fund	20,368
State Police Retirement System	13,434
Deputy Sheriff's Retirement System	13,396
Judges' Retirement System	11,835
Revenue Shortfall Reserve Fund - Part B	8,450
Municipal Policemen's or Firemen's Pension and Relief Funds	8,174
West Virginia Department of Environmental Protection Agency	7,615
Emergency Medical Services Retirement System	5,179
Coal Workers' Pneumoconiosis Fund	4,807
Board of Risk and Insurance Management	4,298
Public Employees Insurance Agency	3,291
Revenue Shortfall Reserve Fund	3,132
Wildlife Endowment Fund	3,096
Municipal Police Officers' and Firefighters' Retirement System	1,402
West Virginia State Parks and Recreation Endowment Fund	1,401
Workers' Compensation Self-Insured Employer Security Risk Pool	1,152
Natural Resources Police Officer Retirement System	1,148
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	869
West Virginia Department of Environmental Protection Trust	539
Workers' Compensation Uninsured Employers' Fund	391
Berkeley County Development Authority	362
Total	\$ 978,151

Financial Statements - Unaudited

May 31, 2023

International Qualified Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

International Qualified Pool

Statement of Net Position - Unaudited
May 31, 2023
(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value \$ 1,204,613

Liabilities

Accrued expenses 63

Net position \$ 1,204,550

Unit data

Units outstanding 13,413,666

Net position, unit price \$ 89.80

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (47,239)	\$ 144,283
Expenses		
Investment advisor fees	(517)	(5,578)
Management and other allocated fees	(31)	(340)
Total expenses	(548)	(5,918)
Net investment income (loss)	(47,787)	138,365
Unit transactions		
Proceeds from sale of units	3,252	23,248
Amount paid for repurchase of units	(33,220)	(142,923)
Net decrease from unit transactions	(29,968)	(119,675)
Increase (decrease) in net position	(77,755)	18,690
Net position, beginning of period	1,282,305	1,185,860
Net position, end of period	\$ 1,204,550	\$ 1,204,550

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

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool invests in a commingled equity fund, specifically The Silchester International Investors International Value Equity Group Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index (MSCI EAFE) by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in the Pool. Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

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 May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 565,697
Public Employees' Retirement System	512,732
State Police Death, Disability and Retirement Fund	47,819
State Police Retirement System	19,346
Deputy Sheriff's Retirement System	19,209
Judges' Retirement System	16,952
Municipal Policemen's or Firemen's Pension and Relief Funds	11,673
Emergency Medical Services Retirement System	7,442
Municipal Police Officers' and Firefighters' Retirement System	2,023
Natural Resources Police Officer Retirement System	1,657
Total	<u>\$ 1,204,550</u>

Financial Statements - Unaudited

May 31, 2023

International Nonqualified Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

International Nonqualified Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	193,803
--	----	---------

Liabilities

Accrued expenses		<u>10</u>
------------------	--	-----------

Net position	\$	<u>193,793</u>
---------------------	-----------	-----------------------

Unit data

Units outstanding		2,382,290
-------------------	--	-----------

Net position, unit price	\$	<u>81.35</u>
--------------------------	----	--------------

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position - Unaudited

Period Ended May 31, 2023*

(Amounts in thousands, except unit data)

	<u>Month</u>	<u>Year To Date</u>
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (7,813)	\$ 21,218
Expenses		
Investment advisor fees	(95)	(997)
Management and other allocated fees	<u>(5)</u>	<u>(53)</u>
Total expenses	<u>(100)</u>	<u>(1,050)</u>
Net investment income (loss)	(7,913)	20,168
Unit transactions		
Proceeds from sale of units	368	31,055
Amount paid for repurchase of units	<u>(363)</u>	<u>(41,005)</u>
Net increase (decrease) from unit transactions	<u>5</u>	<u>(9,950)</u>
Increase (decrease) in net position	(7,908)	10,218
Net position, beginning of period	<u>201,701</u>	<u>183,575</u>
Net position, end of period	<u>\$ 193,793</u>	<u>\$ 193,793</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 a commingled equity fund, specifically The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*). Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

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 May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 107,220
Workers' Compensation Old Fund	29,519
Revenue Shortfall Reserve Fund - Part B	12,300
West Virginia Department of Environmental Protection Agency	11,052
Coal Workers' Pneumoconiosis Fund	6,896
Board of Risk and Insurance Management	6,246
Public Employees Insurance Agency	4,788
Revenue Shortfall Reserve Fund	4,555
Wildlife Endowment Fund	4,414
West Virginia State Parks and Recreation Endowment Fund	2,011
Workers' Compensation Self-Insured Employer Security Risk Pool	1,665
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,261
West Virginia Department of Environmental Protection Trust	776
Workers' Compensation Uninsured Employers' Fund	568
Berkeley County Development Authority	522
Total	<u>\$ 193,793</u>

Financial Statements - Unaudited

May 31, 2023

International Equity Pool

**Financial Statements - Unaudited
May 31, 2023**

Table of Contents

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

International Equity Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 2,560,515
Money market mutual fund	89,862
Securities lending collateral	86,031
Cash (restricted: \$1,381)	5,349
Receivables:	
Investments sold	15,781
Dividends and other investment income	21,432
	<hr/>
Total assets	2,778,970

Liabilities

Accrued expenses	2,646
Accrued capital gains taxes	1,182
Payable for investments purchased	15,706
Payable upon return of securities loaned	86,031
	<hr/>
Total liabilities	105,565
	<hr/>
Net position	\$ 2,673,405

Unit data

Units outstanding	74,446,760
Net position, unit price	<hr/> <hr/> \$ 35.91

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (101,376)	\$ 63,333
Interest and dividends	14,298	96,624
Securities lending income	534	4,667
Total investment income (loss)	(86,544)	164,624
Expenses		
Investment advisor fees	(1,119)	(13,367)
Custodian bank fees	(107)	(1,235)
Management and other allocated fees	(71)	(858)
Securities lending expenses	(381)	(3,937)
Total expenses	(1,678)	(19,397)
Net investment income (loss)	(88,222)	145,227
Unit transactions		
Proceeds from sale of units	65	401,001
Amount paid for repurchase of units	(67,468)	(666,983)
Net decrease from unit transactions	(67,403)	(265,982)
Decrease in net position	(155,625)	(120,755)
Net position, beginning of period	2,829,030	2,794,160
Net position, end of period	\$ 2,673,405	\$ 2,673,405

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

International Equity 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.

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

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

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

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

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

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

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of May 31, 2023.

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.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,488,892	\$ -	\$ -	\$ 2,488,892
ETF	52,480	-	-	52,480
Money market mutual fund	89,862	-	-	89,862
Preferred stock	19,136	-	-	19,136
Rights	7	-	-	7
Securities lending collateral	86,031	-	-	86,031
Total	<u>\$ 2,736,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,736,408</u>

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2023:

	Fair Value
Securities on loan	\$ 161,007
Collateral received:	
Cash	\$ 86,031
Non-cash	84,299
Total collateral received	<u>\$ 170,330</u>

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

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 May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,086,971
Public Employees' Retirement System	983,330
West Virginia Retiree Health Benefit Trust Fund	200,584
State Police Death, Disability and Retirement Fund	91,902
Workers' Compensation Old Fund	55,139
State Police Retirement System	36,830
Deputy Sheriff's Retirement System	36,678
Judges' Retirement System	32,424
Revenue Shortfall Reserve Fund - Part B	22,801
Municipal Policemen's or Firemen's Pension and Relief Funds	22,247
West Virginia Department of Environmental Protection Agency	20,610
Emergency Medical Services Retirement System	14,188
Coal Workers' Pneumoconiosis Fund	12,749
Board of Risk and Insurance Management	11,565
Public Employees Insurance Agency	8,907
Revenue Shortfall Reserve Fund	8,583
Wildlife Endowment Fund	8,282
Municipal Police Officers' and Firefighters' Retirement System	3,803
West Virginia State Parks and Recreation Endowment Fund	3,701
Natural Resources Police Officer Retirement System	3,149
Workers' Compensation Self-Insured Employer Security Risk Pool	3,111
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,365
West Virginia Department of Environmental Protection Trust	1,436
Workers' Compensation Uninsured Employers' Fund	1,059
Berkeley County Development Authority	991
Total	<u>\$ 2,673,405</u>

Financial Statements - Unaudited

May 31, 2023

Short-Term Fixed Income Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Short-Term Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:

U.S. Treasury and government agency bonds	\$	92,675
Commercial paper		4,592
Repurchase agreement		12,782
Money market mutual fund		1
Receivable for interest and dividends		3

Total assets 110,053

Liabilities

Accrued expenses		14
------------------	--	----

Net position \$ 110,039

Unit data

Units outstanding		110,038,583
Net position, unit price	\$	1.00

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income	\$ 555	\$ 5,156
Expenses		
Investment advisor fees	(6)	(74)
Custodian bank fees	-	(6)
Total expenses	(6)	(80)
Net investment income	549	5,076
Distributions to unitholders	(549)	(5,076)
Unit transactions		
Proceeds from sale of units	50,763	1,433,610
Reinvestment of distributions	549	5,076
Amount paid for repurchase of units	(68,703)	(1,474,066)
Net decrease from unit transactions	(17,391)	(35,380)
Decrease in net position	(17,391)	(35,380)
Net position, beginning of period	127,430	145,419
Net position, end of period	\$ 110,039	\$ 110,039

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

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Expenses - The IMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. The Pool is only charged for its direct investment-related costs. The IMB pays all expenses on behalf of the Pool.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investments in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 4,592	\$ -	\$ 4,592
Money market mutual fund	1	-	-	1
Repurchase agreement	-	12,782	-	12,782
U.S. Government agency bonds	-	79,976	-	79,976
U.S. Treasury bonds	-	12,699	-	12,699
Total	\$ 1	\$ 110,049	\$ -	\$ 110,050

Short-Term Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 33,582
Workers' Compensation Old Fund	28,062
Teachers' Retirement System	16,522
Board of Risk and Insurance Management	9,098
Coal Workers' Pneumoconiosis Fund	8,512
Public Employees' Retirement System	6,031
Workers' Compensation Self-Insured Employer Security Risk Pool	2,120
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,776
Municipal Policemen's or Firemen's Pension and Relief Funds	1,113
West Virginia State Parks and Recreation Endowment Fund	903
Workers' Compensation Uninsured Employers' Fund	854
State Police Death, Disability and Retirement Fund	483
Deputy Sheriff's Retirement System	316
Emergency Medical Services Retirement System	196
Judges' Retirement System	185
Wildlife Endowment Fund	125
State Police Retirement System	84
Natural Resources Police Officer Retirement System	57
Municipal Police Officers' and Firefighters' Retirement System	20
Total	<u>\$ 110,039</u>

Financial Statements - Unaudited

May 31, 2023

Total Return Fixed Income Pool

**Financial Statements - Unaudited
May 31, 2023**

Table of Contents

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

Total Return Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,226,670
Derivative instruments	42,486
Equity investments	12,966
Money market mutual fund	27,690
Securities lending collateral	116,272
Cash (restricted: \$851)	16,332
Cash due from broker	34,049
Receivables:	
Interest, dividends, and other investment income	14,613
Investments sold	18,105
	<hr/>
Total assets	2,509,183

Liabilities

Investments in derivative instruments at fair value	42,427
Securities sold short at fair value	14,152
Accrued expenses	944
Payable for investments purchased	67,549
Payable upon return of securities loaned	116,272
	<hr/>
Total liabilities	241,344
	<hr/>
Net position	\$ 2,267,839

Unit data

Units outstanding	142,162,697
Net position, unit price	<u><u>\$ 15.95</u></u>

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (16,468)	\$ (60,548)
Interest and dividends	8,196	89,978
Securities lending income	501	3,782
Total investment income (loss)	(7,771)	33,212
Expenses		
Investment advisor fees	(414)	(4,736)
Custodian bank fees	6	(101)
Management and other allocated fees	(62)	(695)
Securities lending expenses	(470)	(3,476)
Total expenses	(940)	(9,008)
Net investment income (loss)	(8,711)	24,204
Unit transactions		
Proceeds from sale of units	40,634	448,847
Amount paid for repurchase of units	(246)	(960,447)
Net increase (decrease) from unit transactions	40,388	(511,600)
Increase (decrease) in net position	31,677	(487,396)
Net position, beginning of period	2,236,162	2,755,235
Net position, end of period	\$ 2,267,839	\$ 2,267,839

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Foreign Currency Contracts – A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. The IMB enters into forward contracts to take advantage of the relative changes in currency exchange rates. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Spot contracts have relatively short durations that mirror foreign market settlement cycles, while forward contracts are often entered into with durations up to 3- to 4-months. Foreign currency contracts are valued at the prevailing market exchange rates at month end.

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Structured Securities - The Pool invests in various collateralized mortgage obligations (CMO), including interest-only and/or principal-only tranches, asset-backed securities, mortgage-backed securities (MBS), and structured corporate debt. The Pool invests in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

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

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

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

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of May 31, 2023.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held in the Pool include foreign currency forward contracts, futures, options, credit default swaps, interest rate swaps, and total return swaps. None of these derivative financial instruments are designated as hedging instruments under GASB Statement No. 53; they are used to implement portfolio strategy, capture valuation opportunities, and to exploit market inefficiencies. The primary risks managed by using these derivative financial instruments include interest rate, foreign exchange rate, and market price risks. See Note 2 for additional information on the Pool's purpose for entering into derivatives and for discussion on the risks associated with investing in these derivatives.

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

The table below presents the fair value and the net increase (decrease) in fair value as of and for the period ended May 31, 2023:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ (645)	\$ (5,346)
Futures contracts:		
Fixed income futures long	2,841	(43,141)
Fixed income futures short	(1,907)	14,182
Options contracts:		
Fixed income options purchased	2,014	(18,321)
Fixed income options written	(7,961)	40,537
Credit default swaptions purchased	-	(294)
Credit default swaptions written	-	550
Interest rate swaptions purchased	-	(3,480)
Interest rate swaptions written	(49)	6,857
Swaps:		
Credit default swaps protection buyer	(522)	(2,886)
Credit default swaps protection seller	25	368
Interest rate swaps	6,263	1,638
Total return swaps	-	(2,041)
Total	<u>\$ 59</u>	<u>\$ (11,377)</u>

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Credit Risk

For financial reporting purposes, the Pool does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Net Position. The following table presents the Pool's derivative assets net of amounts available for offset under a netting provision and net of related collateral received by the Pool as of May 31, 2023:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forward contracts	\$ 174	\$ (118)	\$ -	\$ -	\$ 56
Swaps	26	(26)	-	-	-
Total	<u>\$ 200</u>	<u>\$ (144)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>

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

The following table provides the credit ratings for the Pool's derivative investments that are subject to counterparty credit risk as of May 31, 2023:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 134
Foreign currency forward contracts	BBB	239
Credit default swaps protection seller	A	26

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of May 31, 2023:

Derivative Type	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ 2,841	\$ 2,109	\$ 732	\$ -	\$ -
Fixed income futures short	(1,907)	(1,850)	(57)	-	-
Options contracts:					
Fixed income options purchased	2,014	2,014	-	-	-
Fixed income options written	(7,961)	(3,268)	(4,693)	-	-
Interest rate swaptions written	(49)	(49)	-	-	-
Swaps:					
Interest rate swaps	6,263	-	(13,982)	2,636	17,609
Total	<u>\$ 1,201</u>	<u>\$ (1,044)</u>	<u>\$ (18,000)</u>	<u>\$ 2,636</u>	<u>\$ 17,609</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 May 31, 2023, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
7/11/2024	Receive Fixed 1.32%, Pay Floating SOFR	\$ 266,705	\$ (10,416)
7/11/2027	Receive Fixed 1.60%, Pay Floating SOFR	46,560	(3,581)
11/30/2027	Receive Fixed 2.98%, Pay Floating SOFR	55,333	(1,043)
12/31/2029	Receive Fixed 3.30%, Pay Floating SOFR	8,613	(65)
11/30/2027	Receive Fixed 3.45%, Pay Floating SOFR	62,363	(43)
3/16/2027	Receive Fixed 3.55%, Pay Floating SOFR	126,320	(635)
3/10/2026	Receive Fixed 4.10%, Pay Floating SOFR	142,069	1,736
2/15/2047	Receive Floating SOFR, Pay Fixed 1.52%	19,934	5,720
5/15/2047	Receive Floating SOFR, Pay Fixed 1.63%	22,165	5,986
7/11/2052	Receive Floating SOFR, Pay Fixed 1.78%	9,460	2,472
7/11/2032	Receive Floating SOFR, Pay Fixed 1.80%	24,730	3,039
2/15/2029	Receive Floating SOFR, Pay Fixed 2.85%	13,001	419
2/15/2048	Receive Floating SOFR, Pay Fixed 3.05%	37,703	1,339
5/15/2032	Receive Floating SOFR, Pay Fixed 3.22%	36,392	451
9/30/2029	Receive Floating SOFR, Pay Fixed 3.25%	6,335	68
4/30/2029	Receive Floating SOFR, Pay Fixed 3.27%	67,603	700
3/10/2034	Receive Floating SOFR, Pay Fixed 3.40%	31,426	(496)
		<u>\$ 976,712</u>	<u>\$ 5,651</u>

At May 31, 2023, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (USD)	Fair Value
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	\$ 22,511	\$ (1,013)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	21,625	(963)
4/19/2047	Receive Floating JPY TONAR plus 0.06%, Pay Fixed 0.79%	39,083	2,588
		<u>\$ 83,219</u>	<u>\$ 612</u>

Reference Index Definitions:

SOFR: Secured Overnight Financing Rate

MXN TIE: Mexican Interbank Deposit Rate

JPY TONAR: Bank of Japan Unsecured Overnight Call Rate

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

The Pool has foreign currency forward contracts, futures contracts, and swap contracts that are denominated in foreign currencies and exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of derivative investments in foreign currencies as of May 31, 2023, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ 54	\$ 148	\$ -	\$ 202
British Pound	(7)	(33)	-	(40)
Canadian Dollar	1	-	-	1
Euro Currency Unit	2	(45)	(34)	(77)
Indonesian Rupiah	23	-	-	23
Kazakhstani Tenge	(4)	-	-	(4)
Japanese Yen	130	(603)	2,588	2,115
Mexican Peso	(844)	-	(1,976)	(2,820)
Total foreign denominated derivatives	(645)	(533)	578	(600)
U.S. Dollar	-	1,467	5,188	6,655
Total	\$ (645)	\$ 934	\$ 5,766	\$ 6,055

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 2023. The Pool's investments in commingled debt funds were valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

Assets	Level 1	Level 2	Level 3	Total
Bank Loans	\$ -	\$ 2,617	\$ -	\$ 2,617
Corporate ABS residual	-	1,240	-	1,240
Corporate asset backed issues	-	53,511	-	53,511
Corporate CMO	-	68,307	-	68,307
Corporate preferred securities	11,135	-	-	11,135
Foreign asset backed issues	-	72,075	-	72,075
Foreign corporate bonds	-	323,641	-	323,641
Foreign currency forward contracts	-	373	-	373
Foreign equity investments	591	-	-	591
Foreign government bonds	-	197,888	-	197,888
Futures contracts	6,367	-	-	6,367
Money market mutual fund	27,690	-	-	27,690
Municipal bonds	-	20,176	-	20,176
Options contracts purchased	2,014	-	-	2,014
Securities lending collateral	116,272	-	-	116,272
Swaps	-	33,732	-	33,732
U.S. corporate bonds	-	445,655	-	445,655
U.S. Government agency bonds	-	3,343	-	3,343
U.S. Government agency CMO	-	75,983	-	75,983
U.S. Government agency CMO interest-only	-	3,780	-	3,780
U.S. Government agency MBS	-	460,257	-	460,257
U.S. Government agency TBAs	-	46,848	-	46,848
U.S. Treasury bonds	-	286,177	-	286,177
U.S. Treasury inflation protected securities	-	11,831	-	11,831
Total	<u>\$ 164,069</u>	<u>\$ 2,107,434</u>	<u>\$ -</u>	<u>\$ 2,271,503</u>
Commingled debt funds				154,581
Total				<u>\$ 2,426,084</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (1,018)	\$ -	\$ (1,018)
Futures contracts	(5,433)	-	-	(5,433)
Options contracts written	(7,961)	(49)	-	(8,010)
Securities sold short	-	(14,152)	-	(14,152)
Swaps	-	(27,966)	-	(27,966)
Total	<u>\$ (13,394)</u>	<u>\$ (43,185)</u>	<u>\$ -</u>	<u>\$ (56,579)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of May 31, 2023. These commingled debt funds invest in certain niche sectors, particularly those that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2023:

	Fair Value
Securities on loan	\$ 177,766
Collateral received:	
Cash	\$ 116,272
Non-cash	67,343
Total collateral received	\$ 183,615

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

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

Participant	Account Value
Teachers' Retirement System	\$ 667,366
Public Employees' Retirement System	608,225
Workers' Compensation Old Fund	205,924
Revenue Shortfall Reserve Fund - Part B	177,643
West Virginia Retiree Health Benefit Trust Fund	129,053
Revenue Shortfall Reserve Fund	92,835
West Virginia Department of Environmental Protection Agency	63,202
State Police Death, Disability and Retirement Fund	55,686
Coal Workers' Pneumoconiosis Fund	48,231
Public Employees Insurance Agency	48,059
Board of Risk and Insurance Management	43,798
State Police Retirement System	23,363
Deputy Sheriff's Retirement System	23,001
Judges' Retirement System	20,246
Municipal Policemen's or Firemen's Pension and Relief Funds	13,939
Workers' Compensation Self-Insured Employer Security Risk Pool	11,622
Emergency Medical Services Retirement System	8,918
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	8,829
Wildlife Endowment Fund	5,276
Workers' Compensation Uninsured Employers' Fund	3,982
West Virginia State Parks and Recreation Endowment Fund	2,457
Municipal Police Officers' and Firefighters' Retirement System	2,436
Natural Resources Police Officer Retirement System	1,980
West Virginia Department of Environmental Protection Trust	1,138
Berkeley County Development Authority	630
Total	\$ 2,267,839

Financial Statements - Unaudited

May 31, 2023

Core Fixed Income Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Core Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 1,722,931
Money market mutual fund	33,348
Securities lending collateral	90,311
Receivables:	
Interest, dividends, and other investment income	10,694
Investments sold	44
Other	520
	<hr/>
Total assets	1,857,848

Liabilities

Accrued expenses	577
Payable for investments purchased	15,263
Payable upon return of securities loaned	90,311
	<hr/>
Total liabilities	106,151
	<hr/>
Net position	\$ 1,751,697

Unit data

Units outstanding	149,844,159
Net position, unit price	\$ 11.69

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Change in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (21,839)	\$ (30,968)
Interest and dividends	5,474	36,331
Securities lending income	384	2,126
Total investment income (loss)	(15,981)	7,489
Expenses		
Investment advisor fees	(219)	(1,617)
Custodian bank fees	(4)	(35)
Management and other allocated fees	(44)	(340)
Securities lending expenses	(360)	(1,954)
Total expenses	(627)	(3,946)
Net investment income (loss)	(16,608)	3,543
Unit transactions		
Proceeds from sale of units	228,832	842,165
Amount paid for repurchase of units	(132)	(282,656)
Net increase from unit transactions	228,700	559,509
Increase in net position	212,092	563,052
Net position, beginning of period	1,539,605	1,188,645
Net position, end of period	\$ 1,751,697	\$ 1,751,697

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

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Structured Securities - The Pool invests in various collateralized mortgage obligations (CMO), including interest-only and/or principal-only tranches, asset-backed securities, mortgage-backed securities (MBS), and structured corporate debt. The Pool invests in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

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

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

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

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

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 May 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 158,290	\$ -	\$ 158,290
Corporate CMO	-	79,462	-	79,462
Corporate CMO interest-only	-	126	-	126
Corporate CMO principal-only	-	23	-	23
Foreign asset backed issues	-	2,276	-	2,276
Foreign corporate bonds	-	119,395	-	119,395
Foreign government bonds	-	3,178	-	3,178
Money market mutual fund	33,348	-	-	33,348
Municipal bonds	-	9,888	-	9,888
Securities lending collateral	90,311	-	-	90,311
U.S. corporate bonds	-	269,408	-	269,408
U.S. Government agency CMO	-	110,826	-	110,826
U.S. Government agency CMO interest-only	-	1,449	-	1,449
U.S. Government agency CMO principal-only	-	1,818	-	1,818
U.S. Government agency MBS	-	341,497	-	341,497
U.S. Treasury bonds	-	625,295	-	625,295
Total	<u>\$ 123,659</u>	<u>\$ 1,722,931</u>	<u>\$ -</u>	<u>\$ 1,846,590</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 May 31, 2023:

	Fair Value
Securities on loan	\$ 145,801
Collateral received:	
Cash	\$ 90,311
Non-cash	60,185
Total collateral received	\$ 150,496

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

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

Participant	Account Value
Teachers' Retirement System	\$ 612,440
Public Employees' Retirement System	565,902
West Virginia Retiree Health Benefit Trust Fund	122,813
Workers' Compensation Old Fund	88,617
Revenue Shortfall Reserve Fund - Part B	76,181
State Police Death, Disability and Retirement Fund	50,347
Revenue Shortfall Reserve Fund	39,874
West Virginia Department of Environmental Protection Agency	27,025
State Police Retirement System	22,558
Deputy Sheriff's Retirement System	21,834
Public Employees Insurance Agency	20,581
Coal Workers' Pneumoconiosis Fund	20,580
Judges' Retirement System	19,108
Board of Risk and Insurance Management	18,779
Municipal Policemen's or Firemen's Pension and Relief Funds	13,116
Emergency Medical Services Retirement System	8,540
Wildlife Endowment Fund	5,065
Workers' Compensation Self-Insured Employer Security Risk Pool	4,988
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,777
Municipal Police Officers' and Firefighters' Retirement System	2,436
West Virginia State Parks and Recreation Endowment Fund	2,436
Natural Resources Police Officer Retirement System	1,919
Workers' Compensation Uninsured Employers' Fund	1,702
Berkeley County Development Authority	596
West Virginia Department of Environmental Protection Trust	483
Total	\$ 1,751,697

Financial Statements - Unaudited

May 31, 2023

TIPS Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

TIPS Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Fixed income investments	\$	402,873
Money market mutual fund		19,458
Receivables:		
Interest, dividends, and other investment income		807
Investments sold		<u>108,038</u>
	Total assets	531,176

Liabilities

Accrued expenses		35
Payable for investments purchased		<u>127,539</u>
	Total liabilities	<u>127,574</u>
	Net position	<u>\$ 403,602</u>

Unit data

Units outstanding		31,093,802
Net position, unit price	\$	<u>12.98</u>

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net decrease in fair value of investments	\$ (4,929)	\$ (4,886)
Interest and dividend income	58	61
Total investment loss	(4,871)	(4,825)
Expenses		
Investment advisor fees	(4)	(63)
Custodian bank fees	(1)	(2)
Management and other allocated fees	(12)	(125)
Total expenses	(17)	(190)
Net investment loss	(4,888)	(5,015)
Unit transactions		
Proceeds from sale of units	909	10,736
Amount paid for repurchase of units	(880)	(42,847)
Net increase (decrease) from unit transactions	29	(32,111)
Decrease in net position	(4,859)	(37,126)
Net position, beginning of period	408,461	440,728
Net position, end of period	\$ 403,602	\$ 403,602

**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. Assets were invested in the BlackRock U.S. Treasury Inflation Protected Securities Fund B through May 24, 2023. Effective May 25, 2023, assets are managed by Northern Trust Investments, 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:

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

Investments for which the fair value cannot be determined 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.

TIPS 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.

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 invested that are reflected in the reported net asset value of such funds.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of May 31, 2023:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market mutual fund	\$ 19,458	\$ -	\$ -	\$ 19,458
U.S. Treasury inflation protected securities	-	402,873	-	402,873
Total	<u>\$ 19,458</u>	<u>\$ 402,873</u>	<u>\$ -</u>	<u>\$ 422,331</u>

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 131,892
Revenue Shortfall Reserve Fund - Part B	113,448
Workers' Compensation Old Fund	84,738
Public Employees Insurance Agency	25,799
Coal Workers' Pneumoconiosis Fund	19,861
Board of Risk and Insurance Management	17,856
Workers' Compensation Self-Insured Employer Security Risk Pool	4,779
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,606
Workers' Compensation Uninsured Employers' Fund	1,623
Total	<u>\$ 403,602</u>

Financial Statements - Unaudited

May 31, 2023

Private Markets Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Private Markets Pool

Statement of Net Position - Unaudited
May 31, 2023
(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 5,827,325
Equity investments	197,925
Fixed income investments	11,776
Money market mutual fund	115,151
Securities lending collateral	12,972
Cash	1
Receivables:	
Investments sold	1,068
Interest, dividends, and other investment income	991
	<hr/>
Total assets	6,167,209

Liabilities

Accrued expenses	1,130
Payable for investments purchased	963
Payable upon return of securities loaned	12,972
	<hr/>
Total liabilities	15,065
	<hr/>
Net position	\$ 6,152,144

Unit data

Units outstanding	203,579,962
Net position, unit price	<u><u>\$ 30.22</u></u>

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ 40,006	\$ (145,525)
Income from partnerships and funds	6,396	112,752
Interest and dividends	976	15,071
Fund closing interest	341	717
Securities lending income	72	857
Total investment income (loss)	47,791	(16,128)
Expenses		
Investment advisor fees	(125)	(1,136)
Custodian bank fees	(3)	(31)
Management and other allocated fees	(154)	(1,789)
Professional service fees - direct	(124)	(1,447)
Management fees - external	(762)	(7,017)
Fund closing costs	(1,970)	(3,067)
Securities lending expenses	(61)	(607)
Total expenses	(3,199)	(15,094)
Net investment income (loss)	44,592	(31,222)
Unit transactions		
Proceeds from sale of units	-	560,953
Amount paid for repurchase of units	(55,991)	(466,362)
Net increase (decrease) from unit transactions	(55,991)	94,591
Increase (decrease) in net position	(11,399)	63,369
Net position, beginning of period	6,163,543	6,088,775
Net position, end of period	\$ 6,152,144	\$ 6,152,144

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

- Investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the IMB's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of May 31, 2023.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. Dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Foreign Currency Spot Contracts - A foreign currency contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations that mirror foreign market settlement cycles and are valued at the prevailing market exchange rates at month end.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal and state income taxes is required as of May 31, 2023.

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 2023. 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	\$ 35,100	\$ -	\$ -	\$ 35,100
Money market mutual fund	115,151	-	-	115,151
Securities lending collateral	12,972	-	-	12,972
U.S. common stock	152,609	-	-	152,609
U.S. corporate bonds	-	11,776	-	11,776
U.S. preferred stock	10,216	-	-	10,216
Total	<u>\$ 326,048</u>	<u>\$ 11,776</u>	<u>\$ -</u>	<u>\$ 337,824</u>
Private credit & income funds				886,690
Private equity partnerships				2,724,841
Real estate limited partnerships and funds				2,215,794
Total				<u>\$ 6,165,149</u>

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following table presents information on investments measured at the NAV as of May 31, 2023:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Commercial Debt (b)	\$ 512,732	\$ 179,230	2026 to 2029	N/A	N/A
Real Estate Debt (c)	373,958	204,512	2023 to 2031	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,779,895	543,383	2023 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (e)	33,484	16,263	2024	N/A	N/A
Corporate Finance - Growth Equity (f)	158,417	78,679	2023 to 2031	N/A	N/A
Corporate Finance - Hard Assets (g)	139,798	44,066	2023 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	1,886	480	N/A	N/A	N/A
Corporate Finance - Structured Capital (i)	75,452	24,630	2023 to 2028	N/A	N/A
Corporate Finance - Turnaround (j)	98,814	66,394	2024 to 2032	N/A	N/A
Venture Capital (k)	437,095	52,687	2024 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (l)	1,236,762	7,500	N/A	Quarterly	45-60 days
Opportunistic (m)	287,138	290,289	2023 to 2034	N/A	N/A
Value (n)	691,894	589,929	2023 to 2033	Quarterly	90 days
Total	<u>\$ 5,827,325</u>	<u>\$ 2,098,042</u>			

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at May 31, 2023:

	<u>Fair Value</u>
Securities on loan	\$ 23,701
Collateral received:	
Cash	\$ 12,972
Non-cash	<u>11,619</u>
Total collateral received	<u>\$ 24,591</u>

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,566,515
Public Employees' Retirement System	2,326,229
West Virginia Retiree Health Benefit Trust Fund	484,384
State Police Death, Disability and Retirement Fund	217,123
State Police Retirement System	87,767
Deputy Sheriff's Retirement System	87,165
Workers' Compensation Old Fund	80,747
Judges' Retirement System	76,926
Municipal Policemen's or Firemen's Pension and Relief Funds	52,122
Emergency Medical Services Retirement System	33,770
Revenue Shortfall Reserve Fund - Part B	24,086
Wildlife Endowment Fund	19,917
Coal Workers' Pneumoconiosis Fund	18,873
Board of Risk and Insurance Management	17,079
West Virginia Department of Environmental Protection Agency	10,882
Municipal Police Officers' and Firefighters' Retirement System	9,173
West Virginia State Parks and Recreation Endowment Fund	9,082
Public Employees Insurance Agency	8,220
Natural Resources Police Officer Retirement System	7,521
Workers' Compensation Self-Insured Employer Security Risk Pool	4,555
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,451
West Virginia Department of Environmental Protection Trust	2,645
Berkeley County Development Authority	2,359
Workers' Compensation Uninsured Employers' Fund	1,553
Total	<u>\$ 6,152,144</u>

Financial Statements - Unaudited

May 31, 2023

Hedge Fund Pool

Financial Statements - Unaudited May 31, 2023

Table of Contents

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

Hedge Fund Pool

Statement of Net Position - Unaudited

May 31, 2023

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

Hedge funds

\$ 2,440,612

Money market mutual fund

8,903

Receivables:

Investment funds redeemed

3,511

Interest and dividends

169

Total assets

2,453,195

Liabilities

Accrued expenses

194

Net position

\$ 2,453,001

Unit data

Units outstanding

128,658,060

Net position, unit price

\$ 19.07

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position - Unaudited
Period Ended May 31, 2023*
(Amounts in thousands)

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ (6,715)	\$ 86,447
Interest and dividend income	34	751
	Total investment income (loss)	87,198
Expenses		
Professional service fees - direct	(37)	(437)
Custodian bank fees	-	(1)
Management and other allocated fees	(63)	(729)
	Total expenses	(1,167)
	Net investment income (loss)	86,031
Unit transactions		
Proceeds from sale of units	-	321,013
Amount paid for repurchase of units	(32,948)	(250,454)
	Net increase (decrease) from unit transactions	70,559
	Increase (decrease) in net position	156,590
	Net position, beginning of period	2,296,411
	Net position, end of period	\$ 2,453,001

**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 May 31, 2023.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

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

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2023.

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 May 31, 2023. 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	\$ 8,903	\$ -	\$ -	\$ 8,903
Hedge funds				2,440,612
Total				\$ 2,449,515

The following table presents information on investments measured at the NAV as of May 31, 2023:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 162,409	Monthly	5 to 10 days
Equity long/short (b)	458,363	Quarterly	45 to 90 days
Event-driven (c)	137,212	Quarterly	180 days
Long-biased (d)	80,769	Monthly	90 days
Multi-strategy (e)	1,294,719	Monthly, Quarterly, Semiannually	45 to 90 days
Relative-value (f)	249,133	Weekly, Quarterly	5 to 60 days
	\$ 2,382,605		
In liquidation (g)	58,007		
Total	\$ 2,440,612		

- (a) Directional funds employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) Equity long/short funds involve taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 66 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased funds employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.
- (e) Multi-strategy funds combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 85 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 60 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 May 31, 2023:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 918,740
Public Employees' Retirement System	832,735
West Virginia Retiree Health Benefit Trust Fund	173,466
Workers' Compensation Old Fund	129,991
State Police Death, Disability and Retirement Fund	77,658
West Virginia Department of Environmental Protection Agency	46,722
Public Employees Insurance Agency	35,299
State Police Retirement System	31,423
Deputy Sheriff's Retirement System	31,197
Coal Workers' Pneumoconiosis Fund	30,363
Judges' Retirement System	27,533
Board of Risk and Insurance Management	27,505
Revenue Shortfall Reserve Fund - Part B	25,887
Municipal Policemen's or Firemen's Pension and Relief Funds	18,651
Emergency Medical Services Retirement System	12,089
Workers' Compensation Self-Insured Employer Security Risk Pool	7,333
Wildlife Endowment Fund	7,140
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,555
Municipal Police Officers' and Firefighters' Retirement System	3,286
West Virginia State Parks and Recreation Endowment Fund	3,253
Natural Resources Police Officer Retirement System	2,693
Workers' Compensation Uninsured Employers' Fund	2,501
West Virginia Department of Environmental Protection Trust	1,136
Berkeley County Development Authority	845
Total	<u>\$ 2,453,001</u>