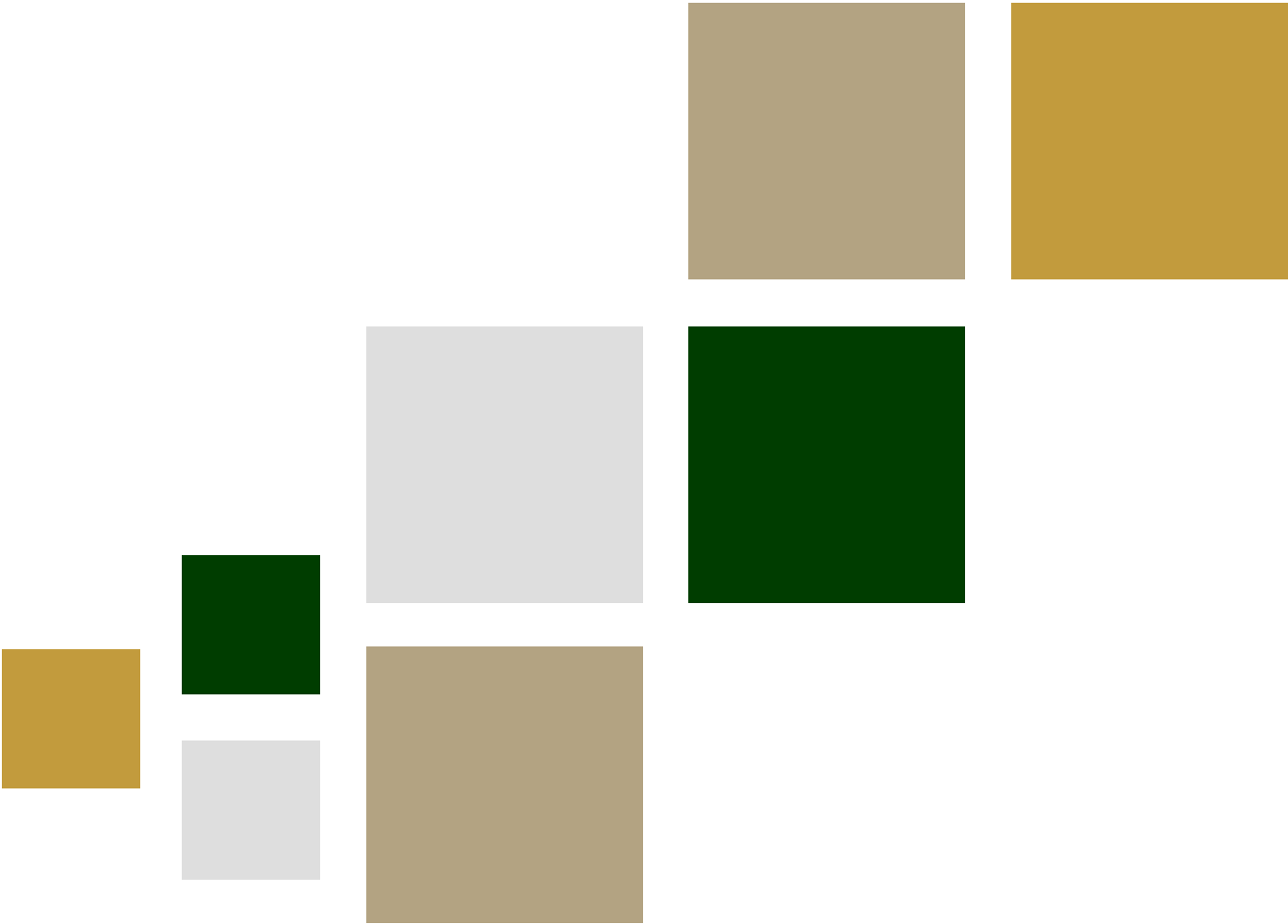
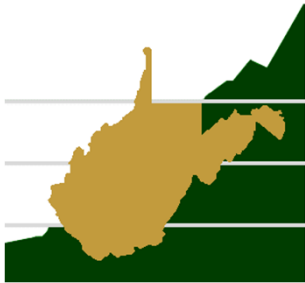


# West Virginia Investment Management Board

## Financial Statements

January 31, 2024





# West Virginia Investment Management Board

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## **Financial Statements – Unaudited**

January 31, 2024

### **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**

**January 31, 2024**



# Portable Alpha Pool

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## Financial Statements - Unaudited January 31, 2024

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Notes to Financial Statements	3

# Portable Alpha Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 2,090,127
Commingled equity fund	1,841,918
Fixed income investments	857,637
Derivative instruments	157,819
Money market mutual fund	666,053
Receivables:	
Investment funds redeemed	1,335
Interest and dividends	6,825
Investments sold	18,616
	<hr/>
<b>Total assets</b>	<b>5,640,330</b>

### Liabilities

Cash due to broker	216,920
Cash overdraft	284
Accrued expenses	691
Payable for investments purchased	114,250
	<hr/>
<b>Total liabilities</b>	<b>332,145</b>
	<hr/>
<b>Net position</b>	<b>\$ 5,308,185</b>

### Unit data

Units outstanding	92,050,222
Net position, unit price	<u><u>\$ 57.67</u></u>

See accompanying notes to financial statements.



## Portable Alpha Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 88,900	\$ 461,945
Interest and dividends	3,959	33,762
<b>Total investment income</b>	92,859	495,707
<b>Expenses</b>		
Investment advisor fees	(93)	(645)
Custodian bank fees	(2)	(14)
Management and other allocated fees	(141)	(1,006)
Professional service fees - direct	(19)	(132)
<b>Total expenses</b>	(255)	(1,797)
<b>Net investment income</b>	92,604	493,910
<b>Unit transactions</b>		
Proceeds from sale of units	298	177,486
Amount paid for repurchase of units	(123,154)	(658,847)
<b>Net decrease from unit transactions</b>	(122,856)	(481,361)
<b>Increase (decrease) in net position</b>	(30,252)	12,549
<b>Net position, beginning of period</b>	5,338,437	5,295,636
<b>Net position, end of period</b>	\$ 5,308,185	\$ 5,308,185

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 (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 has been retained by the WVIMB 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 Index.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 (RIC) 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

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Investments in alternative risk premia (ARP) funds are generally securities for which market quotations are not readily available. The WVIMB 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 WVIMB's interests in the funds. The WVIMB believes that the net asset value of such investments is a reasonable estimate of fair value as of January 31, 2024.

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 WVIMB's established procedures.

**Cash Due to/from Broker** - The Pool records cash amounts due to or from brokers on the Statement of Net Position as Cash due to/from broker. Such amounts are required by brokers for margin on centrally cleared futures, considered restricted, and reported net.

**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 WVIMB is required to pledge collateral 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 WVIMB'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.

**Structured Securities** - The Pool invests in asset-backed securities (ABS) 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.

# Portable Alpha 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

### 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 January 31, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value
Futures contracts:			
Equity index futures long	\$ 157,819	\$ 212,606	\$ 3,576,652

### 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 January 31, 2024. The Pool's investments in ARP funds that were valued using the NAV have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
ARP fund (RIC)	\$ 233,677	\$ -	\$ -	\$ 233,677
Certificates of deposit	-	13,895	-	13,895
Commercial paper	-	235,258	-	235,258
Commingled equity fund	1,841,918	-	-	1,841,918
Corporate ABS	-	21,657	-	21,657
Foreign corporate bonds	-	16,280	-	16,280
Futures contracts	157,819	-	-	157,819
Money market mutual fund	666,053	-	-	666,053
U.S. corporate bonds	-	4,209	-	4,209
U.S. Government agency bonds	-	13,190	-	13,190
U.S. Treasury issues	-	553,148	-	553,148
Total	<u>\$ 2,899,467</u>	<u>\$ 857,637</u>	<u>\$ -</u>	<u>\$ 3,757,104</u>
ARP funds				<u>1,856,450</u>
Total				<u>\$ 5,613,554</u>

The following table presents information on investments measured at the NAV as of January 31, 2024:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 345,217	Monthly	10 to 30 days
Multi-Premia (b)	1,357,919	Daily, Weekly, Semi-monthly, Monthly	1 to 60 days
Relative-Value (c)	153,314	Monthly	30 days
	<u>\$ 1,856,450</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.
- (c) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity.

# Portable Alpha Pool

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,268,827
Public Employees' Retirement System	2,058,476
West Virginia Retiree Health Benefit Trust Fund	433,898
State Police Death, Disability and Retirement Fund	187,191
State Police Retirement System	80,477
Deputy Sheriff's Retirement System	78,360
Judges' Retirement System	68,759
Municipal Policemen's or Firemen's Pension and Relief Funds	56,181
Emergency Medical Services Retirement System	31,260
Wildlife Endowment Fund	16,952
West Virginia State Parks and Recreation Endowment Fund	10,005
Municipal Police Officers' and Firefighters' Retirement System	9,292
Natural Resources Police Officer Retirement System	7,008
Berkeley County Development Authority	1,499
Total	<u>\$ 5,308,185</u>

**Financial Statements - Unaudited**

**January 31, 2024**





# Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited January 31, 2024

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# Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Commingled equity fund	\$ 315,368
Money market mutual fund	6,104
Dividends receivable	<u>2</u>
<b>Total assets</b>	<b>321,474</b>

### Liabilities

Accrued expenses	<u>25</u>
<b>Net position</b>	<b><u>\$ 321,449</u></b>

### Unit data

Units outstanding	5,575,306
Net position, unit price	<u><u>\$ 57.66</u></u>

See accompanying notes to financial statements.

## Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 5,412	\$ 29,846
Interest and dividends	2	9
<b>Total investment income</b>	5,414	29,855
<b>Expenses</b>		
Investment advisor fees	(2)	(14)
Custodian bank fees	-	(1)
Management and other allocated fees	(9)	(59)
<b>Total expenses</b>	(11)	(74)
<b>Net investment income</b>	5,403	29,781
<b>Unit transactions</b>		
Proceeds from sale of units	-	19,045
Amount paid for repurchase of units	(8,592)	(44,390)
<b>Net decrease from unit transactions</b>	(8,592)	(25,345)
<b>Increase (decrease) in net position</b>	(3,189)	4,436
<b>Net position, beginning of period</b>	324,638	317,013
<b>Net position, end of period</b>	\$ 321,449	\$ 321,449

*\*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

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 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 Index.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB'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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

### 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 January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 315,368	\$ -	\$ -	\$ 315,368
Money market mutual fund	6,104	-	-	6,104
Total	<u>\$ 321,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,472</u>

# Large Cap Domestic Equity Pool

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 114,962
Revenue Shortfall Reserve Fund - Part B	52,123
West Virginia Department of Environmental Protection Agency	46,965
Revenue Shortfall Reserve Fund	32,851
Coal Workers' Pneumoconiosis Fund	27,990
Public Employees Insurance Agency	15,725
Board of Risk and Insurance Management	12,038
Workers' Compensation Self-Insured Employer Security Risk Pool	6,852
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,359
West Virginia Department of Environmental Protection Trust	3,290
Workers' Compensation Uninsured Employers' Fund	2,439
Municipal Policemen's or Firemen's Pension and Relief Funds	855
Total	<u>\$ 321,449</u>

**Financial Statements - Unaudited**

**January 31, 2024**





# Non-Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited January 31, 2024

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# Non-Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:		
Equity investments	\$	1,086,808
Money market mutual fund		36,536
Securities lending collateral		54,495
Cash		1
Receivables:		
Dividends and other investment income		228
Investments sold		38,520
		<hr/>
<b>Total assets</b>		1,216,588

### Liabilities

Accrued expenses		3,638
Payable for investments purchased		27,617
Payable upon return of securities loaned		54,495
		<hr/>
<b>Total liabilities</b>		85,750
		<hr/>
<b>Net position</b>	\$	<u><u>1,130,838</u></u>

### Unit data

Units outstanding		20,201,430
Net position, unit price	\$	<u><u>55.98</u></u>

See accompanying notes to financial statements.

## Non-Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (27,631)	\$ 59,078
Dividends	232	5,636
Securities lending income	271	2,558
<b>Total investment income (loss)</b>	(27,128)	67,272
<b>Expenses</b>		
Investment advisor fees	(993)	(6,062)
Custodian bank fees	(9)	(29)
Management and other allocated fees	(31)	(202)
Professional service fees - direct	(2)	(2)
Securities lending expenses	(244)	(2,351)
<b>Total expenses</b>	(1,279)	(8,646)
<b>Net investment income (loss)</b>	(28,407)	58,626
<b>Unit transactions</b>		
Proceeds from sale of units	1,230	57,813
Amount paid for repurchase of units	(1,200)	(25,729)
<b>Net increase from unit transactions</b>	30	32,084
<b>Increase (decrease) in net position</b>	(28,377)	90,710
<b>Net position, beginning of period</b>	1,159,215	1,040,128
<b>Net position, end of period</b>	\$ 1,130,838	\$ 1,130,838

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 and Westfield Capital Management.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB'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

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Securities Lending** - The WVIMB, 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB 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 WVIMB 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. 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

# Non-Large Cap Domestic Equity Pool

## Notes to Financial Statements (Amounts in thousands)

### NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 976,893	\$ -	\$ -	\$ 976,893
Foreign common stock	109,915	-	-	109,915
Money market mutual fund	36,536	-	-	36,536
Securities lending collateral	-	54,495	-	54,495
Total	<u>\$ 1,123,344</u>	<u>\$ 54,495</u>	<u>\$ -</u>	<u>\$ 1,177,839</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at January 31, 2024:

	Fair Value
Securities on loan	\$ 178,780
Collateral received:	
Cash	\$ 54,495
Non-cash	130,728
Total collateral received	<u>\$ 185,223</u>

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB has elected not to offset the fair value of the securities on loan against the liability for the return of the collateral on the Statement of Net Position.

# Non-Large Cap Domestic Equity Pool

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 457,187
Public Employees' Retirement System	413,305
West Virginia Retiree Health Benefit Trust Fund	87,235
State Police Death, Disability and Retirement Fund	38,463
Workers' Compensation Old Fund	22,335
State Police Retirement System	16,465
Deputy Sheriff's Retirement System	16,077
Judges' Retirement System	14,109
Municipal Policemen's or Firemen's Pension and Relief Funds	11,191
Revenue Shortfall Reserve Fund - Part B	9,847
West Virginia Department of Environmental Protection Agency	9,020
Emergency Medical Services Retirement System	6,425
Revenue Shortfall Reserve Fund	6,215
Coal Workers' Pneumoconiosis Fund	5,331
Wildlife Endowment Fund	3,401
Public Employees Insurance Agency	2,978
Board of Risk and Insurance Management	2,275
West Virginia State Parks and Recreation Endowment Fund	1,927
Municipal Police Officers' and Firefighters' Retirement System	1,889
Natural Resources Police Officer Retirement System	1,429
Workers' Compensation Self-Insured Employer Security Risk Pool	1,305
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,015
West Virginia Department of Environmental Protection Trust	630
Workers' Compensation Uninsured Employers' Fund	464
Berkeley County Development Authority	320
Total	<u>\$ 1,130,838</u>





**Financial Statements - Unaudited**

**January 31, 2024**



# International Qualified Pool

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## Financial Statements - Unaudited January 31, 2024

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# International Qualified Pool

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## Statement of Net Position - Unaudited

January 31, 2024

*(Amounts in thousands, except unit data)*

### Assets

Investment in commingled equity fund at fair value \$ 1,115,389

### Liabilities

Accrued expenses 60

**Net position** \$ 1,115,329

### Unit data

Units outstanding 11,013,628

Net position, unit price \$ 101.27

*See accompanying notes to financial statements.*

## International Qualified Pool

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**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<u>Month</u>	<u>Year To Date</u>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (14,560)	\$ 85,706
<b>Expenses</b>		
Investment advisor fees	(480)	(3,531)
Management and other allocated fees	<u>(30)</u>	<u>(225)</u>
<b>Total expenses</b>	<u>(510)</u>	<u>(3,756)</u>
<b>Net investment income (loss)</b>	(15,070)	81,950
<b>Unit transactions</b>		
Proceeds from sale of units	1,150	26,012
Amount paid for repurchase of units	<u>(1,120)</u>	<u>(255,804)</u>
<b>Net increase (decrease) from unit transactions</b>	<u>30</u>	<u>(229,792)</u>
<b>Decrease in net position</b>	(15,040)	(147,842)
<b>Net position, beginning of period</b>	<u>1,130,369</u>	<u>1,263,171</u>
<b>Net position, end of period</b>	<u><u>\$ 1,115,329</u></u>	<u><u>\$ 1,115,329</u></u>

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

# International Qualified Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 MSCI Europe Australasia Far East Index (MSCI EAFE) by 200 basis points 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 WVIMB 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 WVIMB'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.

# International Qualified Pool

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## 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

### 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

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 522,646
Public Employees' Retirement System	473,072
State Police Death, Disability and Retirement Fund	43,155
State Police Retirement System	18,552
Deputy Sheriff's Retirement System	18,090
Judges' Retirement System	15,868
Municipal Policemen's or Firemen's Pension and Relief Funds	12,976
Emergency Medical Services Retirement System	7,224
Municipal Police Officers' and Firefighters' Retirement System	2,133
Natural Resources Police Officer Retirement System	1,613
Total	<u>\$ 1,115,329</u>



**Financial Statements - Unaudited**

**January 31, 2024**



# International Nonqualified Pool

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## Financial Statements - Unaudited January 31, 2024

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# International Nonqualified Pool

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**Statement of Net Position - Unaudited**  
**January 31, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investment in commingled equity fund at fair value \$ 185,847

**Liabilities**

Accrued expenses 10

**Net position** \$ 185,837

**Unit data**

Units outstanding 2,025,395

Net position, unit price \$ 91.75

*See accompanying notes to financial statements.*

# International Nonqualified Pool

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## Statement of Changes in Net Position - Unaudited

Period Ended January 31, 2024\*

(Amounts in thousands, except unit data)

	<u>Month</u>	<u>Year To Date</u>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (2,478)	\$ 13,368
<b>Expenses</b>		
Investment advisor fees	(92)	(670)
Management and other allocated fees	<u>(5)</u>	<u>(37)</u>
<b>Total expenses</b>	<u>(97)</u>	<u>(707)</u>
<b>Net investment income (loss)</b>	(2,575)	12,661
<b>Unit transactions</b>		
Proceeds from sale of units	407	29,879
Amount paid for repurchase of units	<u>(402)</u>	<u>(59,845)</u>
<b>Net increase (decrease) from unit transactions</b>	<u>5</u>	<u>(29,966)</u>
<b>Decrease in net position</b>	(2,570)	(17,305)
<b>Net position, beginning of period</b>	<u>188,407</u>	<u>203,142</u>
<b>Net position, end of period</b>	<u>\$ 185,837</u>	<u>\$ 185,837</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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 MSCI Europe Australasia Far East Index (MSCI EAFE) by 200 basis points 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 WVIMB 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 WVIMB'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.

# International Nonqualified Pool

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## 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

### 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

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 105,288
Workers' Compensation Old Fund	26,692
Revenue Shortfall Reserve Fund - Part B	11,860
West Virginia Department of Environmental Protection Agency	10,901
Revenue Shortfall Reserve Fund	7,442
Coal Workers' Pneumoconiosis Fund	6,373
Wildlife Endowment Fund	4,087
Public Employees Insurance Agency	3,583
Board of Risk and Insurance Management	2,747
West Virginia State Parks and Recreation Endowment Fund	2,379
Workers' Compensation Self-Insured Employer Security Risk Pool	1,570
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,226
West Virginia Department of Environmental Protection Trust	764
Workers' Compensation Uninsured Employers' Fund	555
Berkeley County Development Authority	370
Total	<u>\$ 185,837</u>



**Financial Statements - Unaudited**

**January 31, 2024**



# International Equity Pool

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**Financial Statements - Unaudited  
January 31, 2024**

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# International Equity Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Equity investments	\$ 2,834,228
Money market mutual fund	64,796
Securities lending collateral	24,351
Cash (restricted: \$4,024)	8,912
Receivables:	
Dividends and other investment income	15,447
Investments sold	76,431
	<hr/>
<b>Total assets</b>	<b>3,024,165</b>

### Liabilities

Accrued capital gains taxes	6,000
Accrued expenses	4,946
Payable for investments purchased	8,610
Payable upon return of securities loaned	24,351
	<hr/>
<b>Total liabilities</b>	<b>43,907</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,980,258</b>

### Unit data

Units outstanding	74,394,073
Net position, unit price	\$ 40.06

See accompanying notes to financial statements.

# International Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (24,266)	\$ 138,562
Dividends	1,857	37,099
Securities lending income	190	2,251
<b>Total investment income (loss)</b>	(22,219)	177,912
<b>Expenses</b>		
Investment advisor fees	(1,221)	(7,931)
Custodian bank fees	(108)	(734)
Management and other allocated fees	(81)	(526)
Professional service fees - direct	(1)	(1)
Securities lending expenses	(168)	(2,076)
<b>Total expenses</b>	(1,579)	(11,268)
<b>Net investment income (loss)</b>	(23,798)	166,644
<b>Unit transactions</b>		
Proceeds from sale of units	3,673	299,413
Amount paid for repurchase of units	(3,487)	(227,130)
<b>Net increase from unit transactions</b>	186	72,283
<b>Increase (decrease) in net position</b>	(23,612)	238,927
<b>Net position, beginning of period</b>	3,003,870	2,741,331
<b>Net position, end of period</b>	\$ 2,980,258	\$ 2,980,258

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 MSCI All Country World Index Ex U.S. (MSCI ACWI ex U.S.) over a full market cycle (three- to five-years), net of external investment management fees. Assets are managed by Acadian Asset Management, Axiom International Investors, LSV Asset Management, Numeric Investors, and Oberweis Asset Management.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB'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

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## 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 WVIMB, 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB 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 WVIMB 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. 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.

# International Equity Pool

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## 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

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 WVIMB is liable for capital gains taxes, the WVIMB 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 January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,738,550	\$ -	\$ -	\$ 2,738,550
ETF	73,713	-	-	73,713
Money market mutual fund	64,796	-	-	64,796
Preferred stock	21,960	-	-	21,960
Rights	5	-	-	5
Securities lending collateral	-	24,351	-	24,351
Total	<u>\$ 2,899,024</u>	<u>\$ 24,351</u>	<u>\$ -</u>	<u>\$ 2,923,375</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at January 31, 2024:

	Fair Value
Securities on loan	\$ 43,664
Collateral received:	
Cash	\$ 24,351
Non-cash	<u>21,368</u>
Total collateral received	<u>\$ 45,719</u>

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB 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

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,211,604
Public Employees' Retirement System	1,096,015
West Virginia Retiree Health Benefit Trust Fund	226,963
State Police Death, Disability and Retirement Fund	99,855
Workers' Compensation Old Fund	55,156
State Police Retirement System	42,877
Deputy Sheriff's Retirement System	41,902
Judges' Retirement System	36,762
Municipal Policemen's or Firemen's Pension and Relief Funds	29,648
Revenue Shortfall Reserve Fund - Part B	25,490
West Virginia Department of Environmental Protection Agency	22,932
Emergency Medical Services Retirement System	16,754
Revenue Shortfall Reserve Fund	15,941
Coal Workers' Pneumoconiosis Fund	13,368
Wildlife Endowment Fund	8,621
Public Employees Insurance Agency	7,537
Board of Risk and Insurance Management	5,779
West Virginia State Parks and Recreation Endowment Fund	5,043
Municipal Police Officers' and Firefighters' Retirement System	4,912
Natural Resources Police Officer Retirement System	3,722
Workers' Compensation Self-Insured Employer Security Risk Pool	3,284
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,564
West Virginia Department of Environmental Protection Trust	1,610
Workers' Compensation Uninsured Employers' Fund	1,169
Berkeley County Development Authority	750
Total	<u>\$ 2,980,258</u>

**Financial Statements - Unaudited**

**January 31, 2024**



# Short-Term Fixed Income Pool

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## Financial Statements - Unaudited January 31, 2024

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# Short-Term Fixed Income Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at amortized cost:		
U.S. Government agency bonds	\$	107,545
U.S. Treasury issues		24,947
Repurchase agreement		41,831
Cash		1
Receivable for interest and dividends		6
		<hr/>
	<b>Total assets</b>	174,330

### Liabilities

Accrued expenses		33
		<hr/>
	<b>Net position</b>	<u>\$ 174,297</u>

### Unit data

Units outstanding		174,297,264
Net position, unit price	\$	<u>1.00</u>

See accompanying notes to financial statements.

## Short-Term Fixed Income Pool

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**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>	\$ 1,000	\$ 6,053
<b>Expenses</b>		
Investment advisor fees	(10)	(57)
Custodian bank fees	-	(5)
	<b>Total expenses</b>	<b>(62)</b>
	<b>Net investment income</b>	<b>990</b>
<b>Distributions to unitholders</b>	(990)	(5,991)
<b>Unit transactions</b>		
Proceeds from sale of units	198,070	1,251,211
Reinvestment of distributions	990	5,991
Amount paid for repurchase of units	(130,280)	(1,269,503)
	<b>Net increase (decrease) from unit transactions</b>	<b>(12,301)</b>
	<b>Increase (decrease) in net position</b>	<b>(12,301)</b>
	<b>Net position, beginning of period</b>	<b>186,598</b>
	<b>Net position, end of period</b>	<b>174,297</b>
	<b>\$ 174,297</b>	<b>\$ 174,297</b>

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 WVIMB 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 Financial Times Stock Exchange (FTSE) 3 Month U.S. T-Bill Index. JP Morgan Investment Advisors manages the Pool.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB'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 WVIMB 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. Management's 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 WVIMB'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 WVIMB pays all expenses on behalf of the Pool.

**Income Taxes** - The WVIMB 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 January 31, 2024.

### 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 January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 41,831	\$ -	\$ 41,831
U.S. Government agency bonds	-	107,545	-	107,545
U.S. Treasury issues	-	24,947	-	24,947
Total	\$ -	\$ 174,323	\$ -	\$ 174,323

# Short-Term Fixed Income Pool

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 58,270
Workers' Compensation Old Fund	34,291
Public Employees' Retirement System	30,561
Teachers' Retirement System	20,987
Coal Workers' Pneumoconiosis Fund	8,619
Board of Risk and Insurance Management	4,252
State Police Retirement System	2,673
Deputy Sheriff's Retirement System	2,552
Workers' Compensation Self-Insured Employer Security Risk Pool	2,258
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,846
Municipal Police Officers' and Firefighters' Retirement System	1,466
Emergency Medical Services Retirement System	1,305
State Police Death, Disability and Retirement Fund	1,060
Municipal Policemen's or Firemen's Pension and Relief Funds	996
West Virginia State Parks and Recreation Endowment Fund	930
Workers' Compensation Uninsured Employers' Fund	902
Judges' Retirement System	564
Natural Resources Police Officer Retirement System	506
Wildlife Endowment Fund	247
West Virginia Retiree Health Benefit Trust Fund	10
Revenue Shortfall Reserve Fund - Part B	1
West Virginia Department of Environmental Protection Agency	1
Total	<u>\$ 174,297</u>

**Financial Statements - Unaudited**

**January 31, 2024**



# Total Return Fixed Income Pool

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## Financial Statements - Unaudited January 31, 2024

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# Total Return Fixed Income Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Fixed income investments	\$ 2,428,648
Derivative instruments	29,345
Equity investments	12,770
Money market mutual fund	91,693
Securities lending collateral	73,964
Cash (restricted: \$737)	11,793
Cash due from broker	2,591
Receivables:	
Interest, dividends, and other investment income	16,701
Investments sold	39,397
	<hr/>
<b>Total assets</b>	<b>2,706,902</b>

### Liabilities

Investments in derivative instruments at fair value	24,384
Securities sold short at fair value	25,797
Accrued expenses	1,882
Payable for investments purchased	155,056
Payable upon return of securities loaned	73,964
	<hr/>
<b>Total liabilities</b>	<b>281,083</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,425,819</b>

### Unit data

Units outstanding	143,201,601
Net position, unit price	<u><u>\$ 16.94</u></u>

See accompanying notes to financial statements.

## Total Return Fixed Income Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (7,233)	\$ 63,895
Interest and dividends	9,108	61,015
Securities lending income	314	2,437
<b>Total investment income</b>	2,189	127,347
<b>Expenses</b>		
Investment advisor fees	(439)	(3,014)
Custodian bank fees	(13)	(85)
Management and other allocated fees	(65)	(454)
Professional service fees - direct	-	(9)
Securities lending expenses	(273)	(2,145)
<b>Total expenses</b>	(790)	(5,707)
<b>Net investment income</b>	1,399	121,640
<b>Unit transactions</b>		
Proceeds from sale of units	6,465	155,385
Amount paid for repurchase of units	(6,384)	(137,334)
<b>Net increase from unit transactions</b>	81	18,051
<b>Increase in net position</b>	1,480	139,691
<b>Net position, beginning of period</b>	2,424,339	2,286,128
<b>Net position, end of period</b>	\$ 2,425,819	\$ 2,425,819

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 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 WVIMB 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 and interest rate 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 WVIMB's established procedures.



# Total Return Fixed Income Pool

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## 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 cash amounts due to or from brokers on the Statement of Net Position as Cash due to/from broker. Such amounts are required by brokers for collateral on certain derivative contracts and/or on forward-settling mortgage-backed securities, considered restricted, and reported net.

**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 WVIMB, 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB 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.

**Option Contracts** - The WVIMB 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.

# Total Return Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 WVIMB 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 WVIMB maintains sufficient levels of cash or cash equivalents to meet cash flow obligations.

**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 WVIMB is required to pledge collateral 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 WVIMB'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 WVIMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. The WVIMB 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.

**Repurchase Agreements** - In connection with transactions in repurchase agreements, it is the WVIMB'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 WVIMB may be delayed or limited.

**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

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## 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.

**Structured Securities** - The Pool invests in any combination of collateralized mortgage obligations (CMO), including interest-only (IO) and/or principal-only (PO) tranches, asset-backed securities (ABS), mortgage-backed securities (MBS), forward-settling MBS that are commonly known as to-be-announced securities (TBAs), 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

# 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 WVIMB is liable for capital gains taxes, the WVIMB 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, and interest rate 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 table below presents the fair value and the net increase (decrease) in fair value as of and for the period ended January 31, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ 610	\$ 103
Futures contracts:		
Fixed income futures long	7,913	5,175
Fixed income futures short	(9,815)	5,645
Options contracts:		
Fixed income options purchased	2,052	(10,336)
Fixed income options written	(2,704)	16,075
Credit default swaptions purchased	-	(403)
Credit default swaptions written	-	497
Interest rate swaptions purchased	-	193
Interest rate swaptions written	(39)	308
Swaps:		
Credit default swaps protection buyer	(119)	215
Credit default swaps protection seller	360	196
Interest rate swaps	6,703	10,622
Total	<u>\$ 4,961</u>	<u>\$ 28,290</u>

## Total Return Fixed Income Pool

### Notes to Financial Statements (Amounts in thousands)

#### NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

##### Credit Risk

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.

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 January 31, 2024:

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	\$ 561	\$ (10)	\$ (551)	\$ -	\$ -
Swaps	30	(30)	-	-	-
Total	\$ 591	\$ (40)	\$ (551)	\$ -	\$ -

Foreign currency forward contracts, certain swaps, and swaptions are exposed to counterparty credit risk. The WVIMB 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 January 31, 2024:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 679
Foreign currency forward contracts	BBB	124
Credit default swaps protection seller	A	30

##### Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of January 31, 2024:

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ 7,913	\$ 7,769	\$ 144	\$ -	\$ -
Fixed income futures short	(9,815)	(10,186)	371	-	-
Options contracts:					
Fixed income options purchased	2,052	2,052	-	-	-
Fixed income options written	(2,704)	(2,324)	(380)	-	-
Interest rate swaptions written	(39)	(39)	-	-	-
Swaps:					
Interest rate swaps	6,703	(4,497)	758	(713)	11,155
Total	\$ 4,110	\$ (7,225)	\$ 893	\$ (713)	\$ 11,155

## Total Return Fixed Income Pool

### Notes to Financial Statements (Amounts in thousands)

#### NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

At January 31, 2024, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

<u>Maturity Date</u>	<u>Reference Rate</u>	<u>Notional</u>	<u>Fair Value</u>
7/11/2024	Receive Fixed 1.32%, Pay Floating SOFR	\$ 266,705	\$ (4,497)
3/10/2026	Receive Fixed 4.10%, Pay Floating SOFR	263,064	758
2/15/2047	Receive Floating SOFR, Pay Fixed 1.52%	19,934	6,450
2/15/2048	Receive Floating SOFR, Pay Fixed 3.05%	55,924	4,773
5/15/2048	Receive Floating SOFR, Pay Fixed 3.15%	7,721	535
5/15/2032	Receive Floating SOFR, Pay Fixed 3.22%	59,282	1,542
3/10/2034	Receive Floating SOFR, Pay Fixed 3.40%	58,777	840
10/31/2030	Receive Floating SOFR, Pay Fixed 3.53%	67,645	105
10/31/2030	Receive Floating SOFR, Pay Fixed 3.54%	27,086	26
		<u>\$ 826,138</u>	<u>\$ 10,532</u>

At January 31, 2024, the open positions in interest rate swaps denominated in foreign currencies were as follows:

<u>Maturity Date</u>	<u>Reference Rate</u>	<u>Notional (USD)</u>	<u>Fair Value</u>
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	\$ 23,274	\$ (1,222)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	22,359	(1,164)
10/27/2053	Receive Floating JPY TONAR, Pay Fixed 1.75%	31,256	(1,443)
		<u>\$ 76,889</u>	<u>\$ (3,829)</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 January 31, 2024, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ 25	\$ 359	\$ -	\$ 384
Brazilian Real	360	-	-	360
British Pound	(3)	298	-	295
Euro Currency Unit	(128)	(10)	(15)	(153)
Indonesian Rupiah	192	-	-	192
Japanese Yen	70	(494)	(1,443)	(1,867)
Mexican Peso	127	-	(2,386)	(2,259)
Turkish Lira	(33)	-	-	(33)
Total foreign denominated derivatives	610	153	(3,844)	(3,081)
U.S. Dollar	-	(2,055)	10,788	8,733
Total	<u>\$ 610</u>	<u>\$ (1,902)</u>	<u>\$ 6,944</u>	<u>\$ 5,652</u>

#### NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at January 31, 2024. The Pool's investments in commingled debt funds were valued using the NAV, and 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	\$ -	\$ 3,352	\$ -	\$ 3,352
Corporate ABS residual	-	978	-	978
Corporate ABS	-	48,084	-	48,084
Corporate CMO	-	68,716	-	68,716
Corporate preferred securities	11,291	-	-	11,291
Foreign ABS	-	73,414	-	73,414
Foreign corporate bonds	-	307,528	-	307,528
Foreign currency forward contracts	-	803	-	803
Foreign equity investments	501	-	-	501
Foreign government bonds	-	247,600	-	247,600
Futures contracts	9,246	-	-	9,246
Money market mutual fund	91,693	-	-	91,693
Municipal bonds	-	17,859	-	17,859
Options contracts purchased	2,052	-	-	2,052
Repurchase agreement	-	25,000	-	25,000
Securities lending collateral	-	73,964	-	73,964
Swaps	-	17,244	-	17,244
U.S. corporate bonds	-	343,022	-	343,022
U.S. Government agency CMO	-	93,655	-	93,655
U.S. Government agency CMO IO	-	3,336	-	3,336
U.S. Government agency MBS	-	500,716	-	500,716
U.S. Government agency TBAs	-	126,667	-	126,667
U.S. Treasury issues	-	392,605	-	392,605
U.S. Treasury inflation protected securities	-	16,937	-	16,937
Total	<u>\$ 114,783</u>	<u>\$ 2,361,480</u>	<u>\$ -</u>	<u>\$ 2,476,263</u>
Commingled debt funds				160,157
Total				<u>\$ 2,636,420</u>

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (193)	\$ -	\$ (193)
Futures contracts	(11,148)	-	-	(11,148)
Options contracts written	(2,704)	(39)	-	(2,743)
Securities sold short	-	(25,797)	-	(25,797)
Swaps	-	(10,300)	-	(10,300)
Total	<u>\$ (13,852)</u>	<u>\$ (36,329)</u>	<u>\$ -</u>	<u>\$ (50,181)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of January 31, 2024. 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 January 31, 2024:

	Fair Value
Securities on loan	\$ 173,702
Collateral received:	
Cash	\$ 73,964
Non-cash	103,667
Total collateral received	\$ 177,631

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB 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 January 31, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 707,062
Public Employees' Retirement System	639,717
Workers' Compensation Old Fund	205,960
Revenue Shortfall Reserve Fund - Part B	189,486
Revenue Shortfall Reserve Fund	168,028
West Virginia Retiree Health Benefit Trust Fund	140,165
West Virginia Department of Environmental Protection Agency	68,141
State Police Death, Disability and Retirement Fund	57,636
Coal Workers' Pneumoconiosis Fund	48,857
Public Employees Insurance Agency	39,246
State Police Retirement System	25,450
Deputy Sheriff's Retirement System	24,387
Judges' Retirement System	21,889
Board of Risk and Insurance Management	21,001
Municipal Policemen's or Firemen's Pension and Relief Funds	18,064
Workers' Compensation Self-Insured Employer Security Risk Pool	12,063
Emergency Medical Services Retirement System	9,710
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,393
Wildlife Endowment Fund	5,469
Workers' Compensation Uninsured Employers' Fund	4,279
West Virginia State Parks and Recreation Endowment Fund	3,084
Municipal Police Officers' and Firefighters' Retirement System	2,823
Natural Resources Police Officer Retirement System	2,118
West Virginia Department of Environmental Protection Trust	1,268
Berkeley County Development Authority	523
Total	\$ 2,425,819



**Financial Statements - Unaudited**

**January 31, 2024**



# Core Fixed Income Pool

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## Financial Statements - Unaudited January 31, 2024

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# Core Fixed Income Pool

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**Statement of Net Position - Unaudited**  
**January 31, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:		
Fixed income investments	\$	1,972,475
Money market mutual fund		3,143
Securities lending collateral		127,437
Receivables:		
Interest, dividends, and other investment income		14,840
Investments sold		56
		<u>56</u>
<b>Total assets</b>		<u>2,117,951</u>

**Liabilities**

Cash overdraft		28
Accrued expenses		1,058
Payable for investments purchased		4,461
Payable upon return of securities loaned		127,437
		<u>127,437</u>
<b>Total liabilities</b>		<u>132,984</u>
<b>Net position</b>	\$	<u>1,984,967</u>

**Unit data**

Units outstanding		164,853,568
Net position, unit price	\$	<u>12.04</u>

*See accompanying notes to financial statements.*

## Core Fixed Income Pool

**Statement of Change in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net increase (decrease) in fair value of investments	\$ (7,056)	\$ 20,450
Interest and dividends	6,454	43,508
Securities lending income	577	3,367
<b>Total investment income (loss)</b>	(25)	67,325
<b>Expenses</b>		
Investment advisor fees	(241)	(1,656)
Custodian bank fees	(4)	(27)
Management and other allocated fees	(53)	(368)
Professional service fees - direct	-	(5)
Securities lending expenses	(546)	(3,168)
<b>Total expenses</b>	(844)	(5,224)
<b>Net investment income (loss)</b>	(869)	62,101
<b>Unit transactions</b>		
Proceeds from sale of units	2,989	213,289
Amount paid for repurchase of units	(2,931)	(85,480)
<b>Net increase from unit transactions</b>	58	127,809
<b>Increase (decrease) in net position</b>	(811)	189,910
<b>Net position, beginning of period</b>	1,985,778	1,795,057
<b>Net position, end of period</b>	\$ 1,984,967	\$ 1,984,967

*\*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

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees. JP Morgan Investment Advisors manages this Pool.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB's established procedures.



# Core Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Securities Lending** - The WVIMB, 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB 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 (IO) and/or principal-only (PO) tranches, asset-backed securities (ABS), 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 WVIMB'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 WVIMB pays all expenses on behalf of the Pool.

**Income Taxes** - The WVIMB 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 January 31, 2024.

# 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 January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS	\$ -	\$ 215,278	\$ -	\$ 215,278
Corporate CMO	-	68,060	-	68,060
Corporate CMO IO	-	116	-	116
Corporate CMO PO	-	5,210	-	5,210
Foreign ABS	-	2,320	-	2,320
Foreign corporate bonds	-	177,537	-	177,537
Foreign government bonds	-	5,196	-	5,196
Money market mutual fund	3,143	-	-	3,143
Municipal bonds	-	9,948	-	9,948
Securities lending collateral	-	127,437	-	127,437
U.S. corporate bonds	-	355,281	-	355,281
U.S. Government agency CMO	-	116,229	-	116,229
U.S. Government agency CMO IO	-	1,323	-	1,323
U.S. Government agency CMO PO	-	1,641	-	1,641
U.S. Government agency MBS	-	458,352	-	458,352
U.S. Government agency TBAs	-	2,350	-	2,350
U.S. Treasury issues	-	553,634	-	553,634
Total	\$ 3,143	\$ 2,099,912	\$ -	\$ 2,103,055

# 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 January 31, 2024:

	Fair Value
Securities on loan	\$ 179,259
Collateral received:	
Cash	\$ 127,437
Non-cash	56,477
Total collateral received	\$ 183,914

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB 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 January 31, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 705,295
Public Employees' Retirement System	637,975
West Virginia Retiree Health Benefit Trust Fund	141,312
Workers' Compensation Old Fund	88,280
Revenue Shortfall Reserve Fund - Part B	80,974
Revenue Shortfall Reserve Fund	72,500
State Police Death, Disability and Retirement Fund	57,510
West Virginia Department of Environmental Protection Agency	29,366
State Police Retirement System	25,298
Deputy Sheriff's Retirement System	24,315
Judges' Retirement System	21,852
Coal Workers' Pneumoconiosis Fund	20,734
Municipal Policemen's or Firemen's Pension and Relief Funds	18,135
Public Employees Insurance Agency	16,875
Emergency Medical Services Retirement System	9,729
Board of Risk and Insurance Management	9,084
Wildlife Endowment Fund	5,503
Workers' Compensation Self-Insured Employer Security Risk Pool	5,174
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,055
West Virginia State Parks and Recreation Endowment Fund	3,226
Municipal Police Officers' and Firefighters' Retirement System	2,832
Natural Resources Police Officer Retirement System	2,110
Workers' Compensation Uninsured Employers' Fund	1,781
West Virginia Department of Environmental Protection Trust	541
Berkeley County Development Authority	511
Total	\$ 1,984,967



**Financial Statements - Unaudited**

**January 31, 2024**



# TIPS Pool

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## Financial Statements - Unaudited January 31, 2024

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# TIPS Pool

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## Statement of Net Position - Unaudited

January 31, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
U.S. Treasury inflation protected securities	\$ 493,148
Money market mutual fund	1,301
Receivables:	
Interest, dividends, and other investment income	660
Investments sold	<u>28,719</u>
<b>Total assets</b>	<b>523,828</b>

### Liabilities

Accrued expenses	47
Payable for investments purchased	<u>30,074</u>
<b>Total liabilities</b>	<b><u>30,121</u></b>
<b>Net position</b>	<b><u>\$ 493,707</u></b>

### Unit data

Units outstanding	37,056,043
Net position, unit price	<u>\$ 13.32</u>

See accompanying notes to financial statements.



# TIPS Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 1,399	\$ 13,092
Interest and dividend income	351	2,111
Securities lending income	5	39
<b>Total investment income</b>	1,755	15,242
<b>Expenses</b>		
Investment advisor fees	(5)	(33)
Custodian bank fees	(1)	(2)
Management and other allocated fees	(14)	(89)
Securities lending expenses	-	(11)
<b>Total expenses</b>	(20)	(135)
<b>Net investment income</b>	1,735	15,107
<b>Unit transactions</b>		
Proceeds from sale of units	14	101,137
Amount paid for repurchase of units	1	(24,325)
<b>Net increase from unit transactions</b>	15	76,812
<b>Increase in net position</b>	1,750	91,919
<b>Net position, beginning of period</b>	491,957	401,788
<b>Net position, end of period</b>	\$ 493,707	\$ 493,707

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 1-10 Year Treasury Inflation Protected Securities (TIPS) Index on an annualized basis over rolling three- to five-year periods, gross of fees. Assets are managed by Northern Trust Investments.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 WVIMB's established procedures.

**Securities Lending** - The WVIMB, 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.

# TIPS Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash collateral, if 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the Statement of Changes in Net Position as a net increase (decrease) in fair value of investments.

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

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

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

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

**Expenses** - The WVIMB'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 WVIMB pays all expenses on behalf of the Pool.

**Income Taxes** - The WVIMB 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 January 31, 2024.

# TIPS 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 January 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 1,301	\$ -	\$ -	\$ 1,301
U.S. TIPS	-	493,148	-	493,148
Total	<u>\$ 1,301</u>	<u>\$ 493,148</u>	<u>\$ -</u>	<u>\$ 494,449</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at January 31, 2024:

	Fair Value
Securities on loan	<u>\$ 73,712</u>
Collateral received:	
Cash	\$ -
Non-cash	<u>75,055</u>
Total collateral received	<u>\$ 75,055</u>

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB 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.

# TIPS Pool

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 234,022
Revenue Shortfall Reserve Fund - Part B	117,559
Workers' Compensation Old Fund	82,823
Public Employees Insurance Agency	20,782
Coal Workers' Pneumoconiosis Fund	19,746
Board of Risk and Insurance Management	8,452
Workers' Compensation Self-Insured Employer Security Risk Pool	4,836
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,764
Workers' Compensation Uninsured Employers' Fund	1,723
Total	<u>\$ 493,707</u>



**Financial Statements - Unaudited**

**January 31, 2024**





# Private Markets Pool

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## Financial Statements - Unaudited January 31, 2024

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# Private Markets Pool

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**Statement of Net Position - Unaudited**  
**January 31, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
Alternative investments	\$ 5,881,948
Equity investments	216,279
Fixed income investments	16,073
Money market mutual fund	145,514
Securities lending collateral	10,679
Cash	2,357
Receivables:	
Investments sold	691
Income distributions from real estate limited partnerships and funds	44
Interest, dividends, and other investment income	948
	<hr/>
<b>Total assets</b>	<b>6,274,533</b>

**Liabilities**

Accrued expenses	1,005
Payable for investments purchased	960
Payable upon return of securities loaned	10,679
	<hr/>
<b>Total liabilities</b>	<b>12,644</b>
	<hr/>
<b>Net position</b>	<b>\$ 6,261,889</b>

**Unit data**

Units outstanding	206,952,173
Net position, unit price	\$ 30.26

*See accompanying notes to financial statements.*

## Private Markets Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net decrease in fair value of investments	\$ (83,878)	\$ (134,213)
Income from partnerships and funds	20,574	73,535
Interest and dividends	810	9,666
Fund closing interest	156	1,674
Securities lending income	58	367
<b>Total investment loss</b>	(62,280)	(48,971)
<b>Expenses</b>		
Investment advisor fees	(85)	(571)
Custodian bank fees	(2)	(17)
Management and other allocated fees	(170)	(1,218)
Professional service fees - direct	(122)	(972)
Management fees - external	(1,406)	(4,477)
Fund closing costs	-	(789)
Securities lending expenses	(47)	(304)
<b>Total expenses</b>	(1,832)	(8,348)
<b>Net investment loss</b>	(64,112)	(57,319)
<b>Unit transactions</b>		
Proceeds from sale of units	10,315	192,788
Amount paid for repurchase of units	(5,321)	(81,810)
<b>Net increase from unit transactions</b>	4,994	110,978
<b>Increase (decrease) in net position</b>	(59,118)	53,659
<b>Net position, beginning of period</b>	6,321,007	6,208,230
<b>Net position, end of period</b>	\$ 6,261,889	\$ 6,261,889

*\*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

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's Private Markets Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 WVIMB'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, and Verus have been retained by the WVIMB 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.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 securities for which market quotations are not readily available. The WVIMB 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 WVIMB'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 WVIMB 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 WVIMB believes that the net asset value of such investments is a reasonable estimate of fair value as of January 31, 2024.
- 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

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## 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 WVIMB'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 WVIMB, 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 capital is preserved and liquidity is maintained. 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 WVIMB 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 WVIMB has the right under the lending agreement to recover the securities from the borrower on demand. The WVIMB 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 WVIMB 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 WVIMB 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

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## 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

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 January 31, 2024. 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, and as such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 35,693	\$ -	\$ -	\$ 35,693
Money market mutual fund	145,514	-	-	145,514
Securities lending collateral	-	10,679	-	10,679
U.S. common stock	169,952	-	-	169,952
U.S. corporate bonds	-	16,073	-	16,073
U.S. preferred stock	10,634	-	-	10,634
Total	<u>\$ 361,793</u>	<u>\$ 26,752</u>	<u>\$ -</u>	<u>\$ 388,545</u>
Private credit & income funds				982,678
Private equity partnerships				2,662,032
Real estate limited partnerships and funds				2,237,238
Total				<u>\$ 6,270,493</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 January 31, 2024:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Core Debt (b)	\$ 573,165	\$ 118,613	2029 to 2031	Quarterly	45 days
Opportunistic Debt (c)	159,588	131,211	2026 to 2031	N/A	N/A
Specialty Credit (d)	249,925	200,740	2024 to 2032	N/A	N/A
Private equity partnerships:					
Corporate Finance - Buyout (e)	1,777,242	463,853	2024 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (f)	27,770	16,263	2024	N/A	N/A
Corporate Finance - Growth Equity (g)	160,547	94,266	2025 to 2031	N/A	N/A
Corporate Finance - Hard Assets (h)	131,055	39,162	2024 to 2033	N/A	N/A
Corporate Finance - Mezzanine (i)	1,951	480	N/A	N/A	N/A
Corporate Finance - Structured Capital (j)	71,138	21,743	2024 to 2028	N/A	N/A
Corporate Finance - Turnaround (k)	92,889	84,717	2024 to 2032	N/A	N/A
Venture Capital (l)	399,440	47,623	2025 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (m)	1,134,132	2,750	N/A	Quarterly	45-60 days
Opportunistic (n)	328,065	295,870	2024 to 2034	N/A	N/A
Value (o)	775,041	550,654	2024 to 2068	Quarterly	90 days
Total	<u>\$ 5,881,948</u>	<u>\$ 2,067,945</u>			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Core debt funds are primarily senior-secured commercial loans that are on the more conservative end of the spectrum of the private credit market. This may also include funds that invest in senior real estate mortgages and other debt that is structured such that it is considered to have a core risk/return profile. The returns on core private credit investments are expected to be derived from contractual income.
- (c) Opportunistic debt funds is a broad classification that includes different types of debt strategies that have the highest risk-return profile in the private credit market. This may include strategies that invest in distressed debt, complex capital solutions, special situation loans, or market dislocations. It also includes specialized financing to specific industries that are underserved by the general debt markets. The returns on these assets are generally derived from both contractual income and an equity component.
- (d) Specialty credit funds typically invest in asset-backed loans collateralized by commercial or consumer receivables, assets, or loans, as well as other specialty types of commercial loans. This also includes real estate debt funds that invest in mezzanine or other subordinated real estate debt, and/or target higher risk properties than a typical core fund. Specialty Credit investments are typically in the mid-range of the risk return spectrum of the private credit market.
- (e) Corporate Finance - Buyout funds acquire controlling or influential interests in companies.
- (f) 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.
- (g) Corporate Finance - Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (h) Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (i) Corporate Finance - Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (j) Corporate Finance – Structured Capital funds combine common equity, preferred equity, fixed-income, and/or customized debt instruments to offer capital appreciation with downside protection.



# Private Markets Pool

## Notes to Financial Statements (Amounts in thousands)

### NOTE 3. FAIR VALUE MEASUREMENTS (continued)

- (k) 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.
- (l) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (m) 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.
- (n) 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.
- (o) 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 January 31, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 32,074
Collateral received:	
Cash	\$ 10,679
Non-cash	<u>22,465</u>
Total collateral received	<u>\$ 33,144</u>

NT, as agent for the WVIMB, loans the WVIMB'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 WVIMB 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

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## 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,611,216
Public Employees' Retirement System	2,364,080
West Virginia Retiree Health Benefit Trust Fund	499,974
State Police Death, Disability and Retirement Fund	215,613
State Police Retirement System	92,733
Deputy Sheriff's Retirement System	90,410
Judges' Retirement System	79,304
Workers' Compensation Old Fund	76,602
Municipal Policemen's or Firemen's Pension and Relief Funds	64,025
Emergency Medical Services Retirement System	36,099
Revenue Shortfall Reserve Fund - Part B	24,406
Wildlife Endowment Fund	19,385
Coal Workers' Pneumoconiosis Fund	18,292
West Virginia State Parks and Recreation Endowment Fund	11,311
West Virginia Department of Environmental Protection Agency	11,267
Municipal Police Officers' and Firefighters' Retirement System	10,660
Natural Resources Police Officer Retirement System	8,062
Board of Risk and Insurance Management	7,888
Public Employees Insurance Agency	6,457
Workers' Compensation Self-Insured Employer Security Risk Pool	4,508
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,519
West Virginia Department of Environmental Protection Trust	2,735
Berkeley County Development Authority	1,750
Workers' Compensation Uninsured Employers' Fund	1,593
Total	<u>\$ 6,261,889</u>

**Financial Statements - Unaudited**

**January 31, 2024**



# Hedge Fund Pool

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## Financial Statements - Unaudited January 31, 2024

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# Hedge Fund Pool

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**Statement of Net Position - Unaudited**  
**January 31, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
Hedge funds	\$ 2,649,767
Money market mutual fund	3,654
Receivables:	
Interest and dividends	7
Investment funds redeemed	<u>749</u>
<b>Total assets</b>	<b>2,654,177</b>

**Liabilities**

Accrued expenses	<u>224</u>
<b>Net position</b>	<b><u>\$ 2,653,953</u></b>

**Unit data**

Units outstanding	128,237,151
Net position, unit price	<u><u>\$ 20.70</u></u>

*See accompanying notes to financial statements.*

# Hedge Fund Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended January 31, 2024\***  
*(Amounts in thousands)*

	<u>Month</u>	<u>Year To Date</u>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 45,490	\$ 171,568
Interest and dividend income	<u>7</u>	<u>483</u>
<b>Total investment income</b>	45,497	172,051
<b>Expenses</b>		
Professional service fees - direct	(44)	(333)
Custodian bank fees	-	(1)
Management and other allocated fees	<u>(70)</u>	<u>(488)</u>
<b>Total expenses</b>	<u>(114)</u>	<u>(822)</u>
<b>Net investment income</b>	45,383	171,229
<b>Unit transactions</b>		
Proceeds from sale of units	15,609	116,509
Amount paid for repurchase of units	<u>(15,522)</u>	<u>(114,868)</u>
<b>Net increase from unit transactions</b>	<u>87</u>	<u>1,641</u>
<b>Increase in net position</b>	45,470	172,870
<b>Net position, beginning of period</b>	<u>2,608,483</u>	<u>2,481,083</u>
<b>Net position, end of period</b>	<u>\$ 2,653,953</u>	<u>\$ 2,653,953</u>

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

# Hedge Fund Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (WVIMB) 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 WVIMB. 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 WVIMB 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 WVIMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the WVIMB or the Administrative Fund of the WVIMB, 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 WVIMB or any of the investment pool participants.

The WVIMB 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 WVIMB'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 Financial Times Stock Exchange (FTSE) 3 Month U.S. T-Bill Index plus 500 basis points. Albourne America has been retained by the WVIMB to provide consulting services for this investment strategy.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB 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 securities for which market quotations are not readily available. The WVIMB 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 WVIMB'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 WVIMB 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 WVIMB believes that the net asset value of such investments is a reasonable estimate of fair value as of January 31, 2024.
- 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 WVIMB's established procedures.



# Hedge Fund Pool

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## 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 WVIMB'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 WVIMB 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 WVIMB 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 January 31, 2024.

### 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 January 31, 2024. All of the Pool's investments in hedge funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 3,654	\$ -	\$ -	\$ 3,654
Hedge funds				2,649,767
Total				\$ 2,653,421

The following table presents information on investments measured at the NAV as of January 31, 2024:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 238,517	Monthly, Quarterly	5 to 65 days
Equity long/short (b)	480,874	Quarterly	45 to 90 days
Event-driven (c)	209,063	Quarterly	180 days
Long-biased (d)	88,950	Monthly	90 days
Multi-strategy (e)	1,314,570	Monthly, Quarterly, Semi-annually	45 to 90 days
Relative-value (f)	263,067	Weekly, Quarterly	5 to 60 days
	\$ 2,595,041		
In liquidation (g)	54,726		
Total	\$ 2,649,767		

- (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 86 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 55 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 January 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,004,413
Public Employees' Retirement System	909,296
West Virginia Retiree Health Benefit Trust Fund	192,296
Workers' Compensation Old Fund	132,682
State Police Death, Disability and Retirement Fund	82,934
West Virginia Department of Environmental Protection Agency	51,980
State Police Retirement System	35,666
Deputy Sheriff's Retirement System	34,773
Coal Workers' Pneumoconiosis Fund	31,697
Judges' Retirement System	30,502
Public Employees Insurance Agency	29,795
Revenue Shortfall Reserve Fund - Part B	28,159
Municipal Policemen's or Firemen's Pension and Relief Funds	24,615
Emergency Medical Services Retirement System	13,884
Board of Risk and Insurance Management	13,668
Workers' Compensation Self-Insured Employer Security Risk Pool	7,802
Wildlife Endowment Fund	7,458
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,088
West Virginia State Parks and Recreation Endowment Fund	4,350
Municipal Police Officers' and Firefighters' Retirement System	4,100
Natural Resources Police Officer Retirement System	3,100
Workers' Compensation Uninsured Employers' Fund	2,760
West Virginia Department of Environmental Protection Trust	1,261
Berkeley County Development Authority	674
Total	<u>\$ 2,653,953</u>