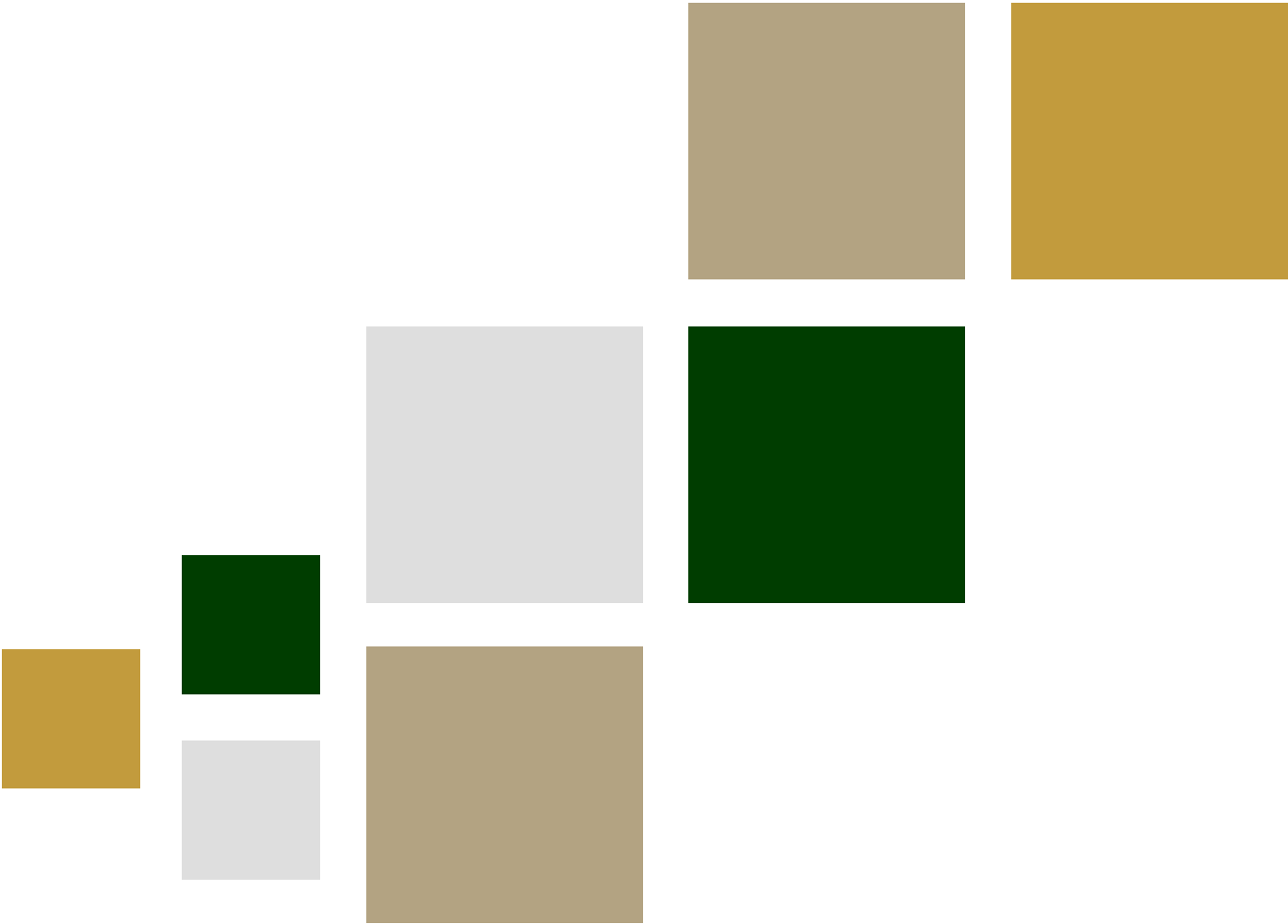
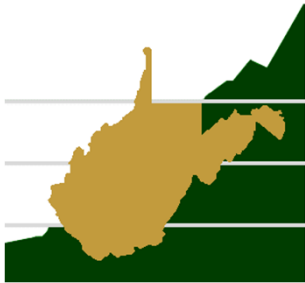


# West Virginia Investment Management Board

## Financial Statements

February 29, 2024





## **Financial Statements – Unaudited**

February 29, 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**

**February 29, 2024**



# Portable Alpha Pool

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## Financial Statements - Unaudited February 29, 2024

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Notes to Financial Statements	3

# Portable Alpha Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 2,136,120
Commingled equity fund	1,996,500
Fixed income investments	847,448
Derivative instruments	321,601
Money market mutual fund	723,353
Receivables:	
Investment funds redeemed	1,334
Interest and dividends	5,972
	<hr/>
<b>Total assets</b>	<b>6,032,328</b>

### Liabilities

Cash due to broker	305,224
Cash overdraft	88
Accrued expenses	512
Payable for investments purchased	57,007
	<hr/>
<b>Total liabilities</b>	<b>362,831</b>
	<hr/>
<b>Net position</b>	<b>\$ 5,669,497</b>

### Unit data

Units outstanding	92,975,975
Net position, unit price	\$ 60.98

See accompanying notes to financial statements.



## Portable Alpha Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 304,062	\$ 766,007
Interest and dividends	4,123	37,885
<b>Total investment income</b>	308,185	803,892
<b>Expenses</b>		
Investment advisor fees	(96)	(741)
Custodian bank fees	(2)	(16)
Management and other allocated fees	(146)	(1,152)
Professional service fees - direct	(13)	(145)
<b>Total expenses</b>	(257)	(2,054)
<b>Net investment income</b>	307,928	801,838
<b>Unit transactions</b>		
Proceeds from sale of units	53,419	230,905
Amount paid for repurchase of units	(35)	(658,882)
<b>Net increase (decrease) from unit transactions</b>	53,384	(427,977)
<b>Increase in net position</b>	361,312	373,861
<b>Net position, beginning of period</b>	5,308,185	5,295,636
<b>Net position, end of period</b>	\$ 5,669,497	\$ 5,669,497

*\*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 February 29, 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 February 29, 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 February 29, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value
Futures contracts:			
Equity index futures long	<u>\$ 321,601</u>	<u>\$ 380,429</u>	<u>\$ 3,670,872</u>

### NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

# Portable Alpha Pool

## Notes to Financial Statements (Amounts in thousands)

### NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at February 29, 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)	\$ 235,747	\$ -	\$ -	\$ 235,747
Certificates of deposit	-	13,892	-	13,892
Commercial paper	-	244,019	-	244,019
Commingled equity fund	1,996,500	-	-	1,996,500
Corporate ABS	-	23,097	-	23,097
Foreign corporate bonds	-	10,782	-	10,782
Futures contracts	321,601	-	-	321,601
Money market mutual fund	723,353	-	-	723,353
U.S. corporate bonds	-	6,830	-	6,830
U.S. Government agency bonds	-	26,425	-	26,425
U.S. Treasury issues	-	522,403	-	522,403
Total	<u>\$ 3,277,201</u>	<u>\$ 847,448</u>	<u>\$ -</u>	<u>\$ 4,124,649</u>
ARP funds				<u>1,900,373</u>
Total				<u>\$ 6,025,022</u>

The following table presents information on investments measured at the NAV as of February 29, 2024:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 366,497	Monthly	10 to 30 days
Multi-Premia (b)	1,379,290	Daily, Weekly, Semi-monthly, Monthly	1 to 60 days
Relative-Value (c)	154,586	Monthly	30 days
	<u>\$ 1,900,373</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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,422,561
Public Employees' Retirement System	2,195,625
West Virginia Retiree Health Benefit Trust Fund	466,008
State Police Death, Disability and Retirement Fund	199,237
State Police Retirement System	86,542
Deputy Sheriff's Retirement System	84,084
Judges' Retirement System	73,594
Municipal Policemen's or Firemen's Pension and Relief Funds	59,743
Emergency Medical Services Retirement System	33,679
Wildlife Endowment Fund	18,142
West Virginia State Parks and Recreation Endowment Fund	10,847
Municipal Police Officers' and Firefighters' Retirement System	10,243
Natural Resources Police Officer Retirement System	7,561
Berkeley County Development Authority	1,631
Total	<u>\$ 5,669,497</u>

**Financial Statements - Unaudited**

**February 29, 2024**





# Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited February 29, 2024

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# Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:		
Commingled equity fund	\$	325,670
Money market mutual fund		6,529
Dividends receivable		<u>1</u>
	<b>Total assets</b>	<b>332,200</b>

### Liabilities

Accrued expenses		<u>21</u>
	<b>Net position</b>	<b><u>\$ 332,179</u></b>

### Unit data

Units outstanding		5,469,692
Net position, unit price	\$	<u><u>60.73</u></u>

See accompanying notes to financial statements.

# Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 16,829	\$ 46,675
Interest and dividends	1	10
<b>Total investment income</b>	16,830	46,685
<b>Expenses</b>		
Investment advisor fees	(2)	(16)
Custodian bank fees	-	(1)
Management and other allocated fees	(8)	(67)
<b>Total expenses</b>	(10)	(84)
<b>Net investment income</b>	16,820	46,601
<b>Unit transactions</b>		
Proceeds from sale of units	-	19,045
Amount paid for repurchase of units	(6,090)	(50,480)
<b>Net decrease from unit transactions</b>	(6,090)	(31,435)
<b>Increase in net position</b>	10,730	15,166
<b>Net position, beginning of period</b>	321,449	317,013
<b>Net position, end of period</b>	\$ 332,179	\$ 332,179

*\*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 February 29, 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 325,670	\$ -	\$ -	\$ 325,670
Money market mutual fund	6,529	-	-	6,529
Total	<u>\$ 332,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,199</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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 118,577
Revenue Shortfall Reserve Fund - Part B	54,425
West Virginia Department of Environmental Protection Agency	48,785
Revenue Shortfall Reserve Fund	34,603
Coal Workers' Pneumoconiosis Fund	28,249
Public Employees Insurance Agency	15,971
Board of Risk and Insurance Management	12,311
Workers' Compensation Self-Insured Employer Security Risk Pool	6,999
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,481
West Virginia Department of Environmental Protection Trust	3,401
Workers' Compensation Uninsured Employers' Fund	2,489
Municipal Policemen's or Firemen's Pension and Relief Funds	888
Total	<u>\$ 332,179</u>

**Financial Statements - Unaudited**

**February 29, 2024**





# Non-Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited February 29, 2024

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# Non-Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:		
Equity investments	\$	1,155,473
Money market mutual fund		25,973
Securities lending collateral		72,015
Cash		1
Receivables:		
Dividends and other investment income		1,154
Investments sold		44,521
Other		146
		<hr/>
<b>Total assets</b>		1,299,283

### Liabilities

Accrued expenses		2,142
Payable for investments purchased		32,377
Payable upon return of securities loaned		72,015
		<hr/>
<b>Total liabilities</b>		106,534
		<hr/>
<b>Net position</b>	\$	<u>1,192,749</u>

### Unit data

Units outstanding		19,747,736
Net position, unit price	\$	<u>60.40</u>

See accompanying notes to financial statements.

## Non-Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 87,059	\$ 146,137
Dividends	1,188	6,824
Securities lending income	300	2,858
<b>Total investment income</b>	88,547	155,819
<b>Expenses</b>		
Investment advisor fees	(927)	(6,989)
Custodian bank fees	(4)	(33)
Management and other allocated fees	(30)	(232)
Professional service fees - direct	-	(2)
Securities lending expenses	(278)	(2,629)
<b>Total expenses</b>	(1,239)	(9,885)
<b>Net investment income</b>	87,308	145,934
<b>Unit transactions</b>		
Proceeds from sale of units	-	57,813
Amount paid for repurchase of units	(25,397)	(51,126)
<b>Net increase (decrease) from unit transactions</b>	(25,397)	6,687
<b>Increase in net position</b>	61,911	152,621
<b>Net position, beginning of period</b>	1,130,838	1,040,128
<b>Net position, end of period</b>	\$ 1,192,749	\$ 1,192,749

*\*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 February 29, 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 1,046,262	\$ -	\$ -	\$ 1,046,262
Foreign common stock	109,211	-	-	109,211
Money market mutual fund	25,973	-	-	25,973
Securities lending collateral	-	72,015	-	72,015
Total	<u>\$ 1,181,446</u>	<u>\$ 72,015</u>	<u>\$ -</u>	<u>\$ 1,253,461</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at February 29, 2024:

	Fair Value
Securities on loan	\$ 224,638
Collateral received:	
Cash	\$ 72,015
Non-cash	158,008
Total collateral received	<u>\$ 230,023</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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 482,535
Public Employees' Retirement System	438,322
West Virginia Retiree Health Benefit Trust Fund	92,379
State Police Death, Disability and Retirement Fund	40,275
Workers' Compensation Old Fund	21,428
State Police Retirement System	17,441
Deputy Sheriff's Retirement System	16,998
Judges' Retirement System	14,955
Municipal Policemen's or Firemen's Pension and Relief Funds	11,860
Revenue Shortfall Reserve Fund - Part B	10,318
West Virginia Department of Environmental Protection Agency	9,223
Emergency Medical Services Retirement System	6,771
Revenue Shortfall Reserve Fund	6,571
Coal Workers' Pneumoconiosis Fund	5,349
Wildlife Endowment Fund	3,595
Public Employees Insurance Agency	3,046
Board of Risk and Insurance Management	2,314
West Virginia State Parks and Recreation Endowment Fund	2,070
Municipal Police Officers' and Firefighters' Retirement System	2,003
Natural Resources Police Officer Retirement System	1,508
Workers' Compensation Self-Insured Employer Security Risk Pool	1,319
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,022
West Virginia Department of Environmental Protection Trust	655
Workers' Compensation Uninsured Employers' Fund	468
Berkeley County Development Authority	324
Total	<u>\$ 1,192,749</u>





**Financial Statements - Unaudited**

**February 29, 2024**



# International Qualified Pool

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## **Financial Statements - Unaudited February 29, 2024**

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# International Qualified Pool

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**Statement of Net Position - Unaudited**  
**February 29, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investment in commingled equity fund at fair value \$ 1,114,943

**Liabilities**

Accrued expenses 60

**Net position** \$ 1,114,883

**Unit data**

Units outstanding 11,013,917

Net position, unit price \$ 101.22

*See accompanying notes to financial statements.*

## International Qualified Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 34	\$ 85,740
<b>Expenses</b>		
Investment advisor fees	(479)	(4,010)
Management and other allocated fees	(30)	(255)
<b>Total expenses</b>	(509)	(4,265)
<b>Net investment income (loss)</b>	(475)	81,475
<b>Unit transactions</b>		
Proceeds from sale of units	297	26,309
Amount paid for repurchase of units	(268)	(256,072)
<b>Net increase (decrease) from unit transactions</b>	29	(229,763)
<b>Decrease in net position</b>	(446)	(148,288)
<b>Net position, beginning of period</b>	1,115,329	1,263,171
<b>Net position, end of period</b>	\$ 1,114,883	\$ 1,114,883

*\*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 February 29, 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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 522,155
Public Employees' Retirement System	472,965
State Police Death, Disability and Retirement Fund	43,137
State Police Retirement System	18,605
Deputy Sheriff's Retirement System	18,121
Judges' Retirement System	15,878
Municipal Policemen's or Firemen's Pension and Relief Funds	12,992
Emergency Medical Services Retirement System	7,243
Municipal Police Officers' and Firefighters' Retirement System	2,167
Natural Resources Police Officer Retirement System	1,620
Total	<u>\$ 1,114,883</u>



**Financial Statements - Unaudited**

**February 29, 2024**



# International Nonqualified Pool

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## Financial Statements - Unaudited February 29, 2024

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# International Nonqualified Pool

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## Statement of Net Position - Unaudited

February 29, 2024

*(Amounts in thousands, except unit data)*

### Assets

Investment in commingled equity fund at fair value	\$	185,753
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### Liabilities

Accrued expenses		<u>10</u>
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<b>Net position</b>	<b>\$</b>	<b><u>185,743</u></b>
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### Unit data

Units outstanding		2,025,448
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Net position, unit price	\$	<u>91.70</u>
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*See accompanying notes to financial statements.*

## International Nonqualified Pool

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**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 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)	\$ 13,366
<b>Expenses</b>		
Investment advisor fees	(92)	(762)
Management and other allocated fees	<u>(5)</u>	<u>(42)</u>
<b>Total expenses</b>	<u>(97)</u>	<u>(804)</u>
<b>Net investment income (loss)</b>	(99)	12,562
<b>Unit transactions</b>		
Proceeds from sale of units	320	30,199
Amount paid for repurchase of units	<u>(315)</u>	<u>(60,160)</u>
<b>Net increase (decrease) from unit transactions</b>	<u>5</u>	<u>(29,961)</u>
<b>Decrease in net position</b>	(94)	(17,399)
<b>Net position, beginning of period</b>	<u>185,837</u>	<u>203,142</u>
<b>Net position, end of period</b>	<u>\$ 185,743</u>	<u>\$ 185,743</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 February 29, 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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 105,438
Workers' Compensation Old Fund	26,477
Revenue Shortfall Reserve Fund - Part B	11,863
West Virginia Department of Environmental Protection Agency	10,911
Revenue Shortfall Reserve Fund	7,369
Coal Workers' Pneumoconiosis Fund	6,336
Wildlife Endowment Fund	4,104
Public Employees Insurance Agency	3,576
Board of Risk and Insurance Management	2,748
West Virginia State Parks and Recreation Endowment Fund	2,438
Workers' Compensation Self-Insured Employer Security Risk Pool	1,565
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,224
West Virginia Department of Environmental Protection Trust	768
Workers' Compensation Uninsured Employers' Fund	557
Berkeley County Development Authority	369
Total	<u>\$ 185,743</u>



**Financial Statements - Unaudited**

**February 29, 2024**



# International Equity Pool

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**Financial Statements - Unaudited  
February 29, 2024**

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# International Equity Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Equity investments	\$ 2,943,269
Money market mutual fund	21,162
Securities lending collateral	67,985
Cash (restricted: \$3,964)	11,715
Receivables:	
Dividends and other investment income	18,051
Investments sold	16,672
	<hr/>
<b>Total assets</b>	<b>3,078,854</b>

### Liabilities

Accrued capital gains taxes	6,874
Accrued expenses	2,822
Payable for investments purchased	20,925
Payable upon return of securities loaned	67,985
	<hr/>
<b>Total liabilities</b>	<b>98,606</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,980,248</b>

### Unit data

Units outstanding	71,574,237
Net position, unit price	\$ 41.64

See accompanying notes to financial statements.

# International Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 109,868	\$ 248,430
Dividends	4,484	41,583
Securities lending income	240	2,491
<b>Total investment income</b>	114,592	292,504
<b>Expenses</b>		
Investment advisor fees	(1,224)	(9,155)
Custodian bank fees	(111)	(845)
Management and other allocated fees	(77)	(603)
Professional service fees - direct	-	(1)
Securities lending expenses	(225)	(2,301)
<b>Total expenses</b>	(1,637)	(12,905)
<b>Net investment income</b>	112,955	279,599
<b>Unit transactions</b>		
Proceeds from sale of units	39	299,452
Amount paid for repurchase of units	(113,004)	(340,134)
<b>Net decrease from unit transactions</b>	(112,965)	(40,682)
<b>Increase (decrease) in net position</b>	(10)	238,917
<b>Net position, beginning of period</b>	2,980,258	2,741,331
<b>Net position, end of period</b>	\$ 2,980,248	\$ 2,980,248

*\*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 February 29, 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

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## 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,834,966	\$ -	\$ -	\$ 2,834,966
ETF	81,064	-	-	81,064
Money market mutual fund	21,162	-	-	21,162
Preferred stock	27,234	-	-	27,234
Rights	5	-	-	5
Securities lending collateral	-	67,985	-	67,985
Total	<u>\$ 2,964,431</u>	<u>\$ 67,985</u>	<u>\$ -</u>	<u>\$ 3,032,416</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at February 29, 2024:

	Fair Value
Securities on loan	\$ 84,452
Collateral received:	
Cash	\$ 67,985
Non-cash	19,984
Total collateral received	<u>\$ 87,969</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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,210,255
Public Employees' Retirement System	1,095,856
West Virginia Retiree Health Benefit Trust Fund	226,833
State Police Death, Disability and Retirement Fund	99,435
Workers' Compensation Old Fund	54,989
State Police Retirement System	43,295
Deputy Sheriff's Retirement System	42,073
Judges' Retirement System	36,840
Municipal Policemen's or Firemen's Pension and Relief Funds	30,140
Revenue Shortfall Reserve Fund - Part B	25,710
West Virginia Department of Environmental Protection Agency	22,852
Emergency Medical Services Retirement System	16,816
Revenue Shortfall Reserve Fund	16,035
Coal Workers' Pneumoconiosis Fund	13,340
Wildlife Endowment Fund	8,827
Public Employees Insurance Agency	7,538
Board of Risk and Insurance Management	5,833
West Virginia State Parks and Recreation Endowment Fund	5,247
Municipal Police Officers' and Firefighters' Retirement System	5,126
Natural Resources Police Officer Retirement System	3,782
Workers' Compensation Self-Insured Employer Security Risk Pool	3,282
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,561
West Virginia Department of Environmental Protection Trust	1,617
Workers' Compensation Uninsured Employers' Fund	1,171
Berkeley County Development Authority	795
Total	<u>\$ 2,980,248</u>

**Financial Statements - Unaudited**

**February 29, 2024**



# Short-Term Fixed Income Pool

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## Financial Statements - Unaudited February 29, 2024

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# Short-Term Fixed Income Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at amortized cost:		
U.S. Government agency bonds	\$	127,622
U.S. Treasury issues		24,952
Repurchase agreement		13,375
Receivable for interest and dividends		<u>2</u>
	<b>Total assets</b>	165,951

### Liabilities

Accrued expenses		<u>18</u>
	<b>Net position</b>	<u><u>\$ 165,933</u></u>

### Unit data

Units outstanding		165,932,657
Net position, unit price	\$	<u><u>1.00</u></u>

See accompanying notes to financial statements.

## Short-Term Fixed Income Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>	\$ 837	\$ 6,890
<b>Expenses</b>		
Investment advisor fees	(8)	(65)
Custodian bank fees	(1)	(6)
<b>Total expenses</b>	(9)	(71)
<b>Net investment income</b>	828	6,819
<b>Distributions to unitholders</b>	(828)	(6,819)
<b>Unit transactions</b>		
Proceeds from sale of units	128,597	1,379,808
Reinvestment of distributions	828	6,819
Amount paid for repurchase of units	(137,789)	(1,407,292)
<b>Net decrease from unit transactions</b>	(8,364)	(20,665)
<b>Decrease in net position</b>	(8,364)	(20,665)
<b>Net position, beginning of period</b>	174,297	186,598
<b>Net position, end of period</b>	\$ 165,933	\$ 165,933

*\*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 February 29, 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 13,375	\$ -	\$ 13,375
U.S. Government agency bonds	-	127,622	-	127,622
U.S. Treasury issues	-	24,952	-	24,952
Total	\$ -	\$ 165,949	\$ -	\$ 165,949

# 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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 59,967
Workers' Compensation Old Fund	33,719
Public Employees' Retirement System	26,650
Teachers' Retirement System	17,039
Coal Workers' Pneumoconiosis Fund	8,526
Board of Risk and Insurance Management	4,390
Workers' Compensation Self-Insured Employer Security Risk Pool	2,312
State Police Retirement System	2,272
Deputy Sheriffs Retirement System	2,072
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,902
Emergency Medical Services Retirement System	1,541
State Police Death, Disability and Retirement Fund	1,246
Municipal Police Officers' and Firefighters' Retirement System	1,223
Workers' Compensation Uninsured Employers' Fund	919
West Virginia State Parks and Recreation Endowment Fund	629
Municipal Policemen's or Firemen's Pension and Relief Funds	608
Natural Resources Police Officer Retirement System	391
Judges' Retirement System	256
Wildlife Endowment Fund	213
Revenue Shortfall Reserve Fund - Part B	28
West Virginia Retiree Health Benefit Trust Fund	15
West Virginia Department of Environmental Protection Agency	10
Public Employees Insurance Agency	3
West Virginia Department of Environmental Protection Trust	2
Total	<u>\$ 165,933</u>

**Financial Statements - Unaudited**

**February 29, 2024**



# Total Return Fixed Income Pool

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## Financial Statements - Unaudited February 29, 2024

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# Total Return Fixed Income Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Fixed income investments	\$ 2,550,269
Derivative instruments	30,332
Equity investments	12,589
Money market mutual fund	51,038
Securities lending collateral	75,485
Cash (restricted: \$726)	12,106
Cash due from broker	1,143
Receivables:	
Interest, dividends, and other investment income	13,135
Investments sold	32,004
	<hr/>
<b>Total assets</b>	<b>2,778,101</b>

### Liabilities

Investments in derivative instruments at fair value	21,910
Securities sold short at fair value	12,106
Accrued expenses	1,040
Payable for investments purchased	225,426
Payable upon return of securities loaned	75,485
	<hr/>
<b>Total liabilities</b>	<b>335,967</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,442,134</b>

### Unit data

Units outstanding	145,289,295
Net position, unit price	<u><u>\$ 16.81</u></u>

See accompanying notes to financial statements.

## Total Return Fixed Income Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 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	\$ (27,144)	\$ 36,751
Interest and dividends	8,588	69,603
Securities lending income	339	2,776
<b>Total investment income (loss)</b>	(18,217)	109,130
<b>Expenses</b>		
Investment advisor fees	(444)	(3,458)
Custodian bank fees	(13)	(98)
Management and other allocated fees	(66)	(520)
Professional service fees - direct	-	(9)
Securities lending expenses	(310)	(2,455)
<b>Total expenses</b>	(833)	(6,540)
<b>Net investment income (loss)</b>	(19,050)	102,590
<b>Unit transactions</b>		
Proceeds from sale of units	35,388	190,773
Amount paid for repurchase of units	(23)	(137,357)
<b>Net increase from unit transactions</b>	35,365	53,416
<b>Increase in net position</b>	16,315	156,006
<b>Net position, beginning of period</b>	2,425,819	2,286,128
<b>Net position, end of period</b>	\$ 2,442,134	\$ 2,442,134

*\*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 February 29, 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 February 29, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ 914	\$ 374
Futures contracts:		
Fixed income futures long	(1,645)	(11,389)
Fixed income futures short	78	18,670
Options contracts:		
Fixed income options purchased	3,218	(10,302)
Fixed income options written	(3,700)	17,141
Credit default swaptions purchased	-	(403)
Credit default swaptions written	-	497
Interest rate swaptions purchased	-	192
Interest rate swaptions written	(51)	295
Swaps:		
Credit default swaps protection buyer	(575)	179
Credit default swaps protection seller	409	244
Interest rate swaps	9,774	14,888
Total	<u>\$ 8,422</u>	<u>\$ 30,386</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 February 29, 2024:

<u>Derivative Type</u>	<u>Derivative Assets Subject to a MA</u>	<u>Derivatives Available for Offset</u>	<u>Non-Cash Collateral Received</u>	<u>Cash Collateral Received</u>	<u>Net Exposure</u>
Foreign currency forward contracts	\$ 719	\$ (49)	\$ (485)	\$ (10)	\$ 175
Swaps	32	(32)	-	-	-
Total	<u>\$ 751</u>	<u>\$ (81)</u>	<u>\$ (485)</u>	<u>\$ (10)</u>	<u>\$ 175</u>

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 February 29, 2024:

<u>Derivative Type</u>	<u>Counterparty Rating</u>	<u>Fair Value</u>
Foreign currency forward contracts	A	\$ 649
Foreign currency forward contracts	BBB	362
Credit default swaps protection seller	A	32

##### Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of February 29, 2024:

<u>Derivative Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Under-1</u>	<u>1-5</u>	<u>6-10</u>	<u>10+</u>
Futures contracts:					
Fixed income futures long	\$ (1,645)	\$ 278	\$ (1,923)	\$ -	\$ -
Fixed income futures short	78	(1,677)	1,755	-	-
Options contracts:					
Fixed income options purchased	3,218	3,218	-	-	-
Fixed income options written	(3,700)	(1,695)	(2,005)	-	-
Interest rate swaptions written	(51)	(51)	-	-	-
Swaps:					
Interest rate swaps	9,774	(3,866)	(2,066)	1,872	13,834
Total	<u>\$ 7,674</u>	<u>\$ (3,793)</u>	<u>\$ (4,239)</u>	<u>\$ 1,872</u>	<u>\$ 13,834</u>

## Total Return Fixed Income Pool

### Notes to Financial Statements

*(Amounts in thousands)*

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

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

At February 29, 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	\$ (3,866)
3/10/2026	Receive Fixed 4.10%, Pay Floating SOFR	263,064	(2,066)
2/15/2047	Receive Floating SOFR, Pay Fixed 1.52%	19,934	6,807
2/15/2048	Receive Floating SOFR, Pay Fixed 3.05%	55,924	6,099
5/15/2048	Receive Floating SOFR, Pay Fixed 3.15%	7,721	721
5/15/2032	Receive Floating SOFR, Pay Fixed 3.22%	59,282	2,771
3/10/2034	Receive Floating SOFR, Pay Fixed 3.40%	58,777	2,245
10/31/2030	Receive Floating SOFR, Pay Fixed 3.54%	74,427	1,655
2/28/2031	Receive Floating SOFR, Pay Fixed 3.87%	72,453	(93)
		<u>\$ 878,287</u>	<u>\$ 14,273</u>

At February 29, 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	\$ 23,423	\$ (1,260)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	22,502	(1,201)
10/27/2053	Receive Floating JPY TONAR, Pay Fixed 1.75%	30,526	(2,038)
		<u>\$ 76,451</u>	<u>\$ (4,499)</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 February 29, 2024, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ 58	\$ 186	\$ -	\$ 244
Brazilian Real	478	-	-	478
British Pound	12	64	-	76
Canadian Dollar	2	-	-	2
Euro Currency Unit	35	155	(9)	181
Indonesian Rupiah	112	-	-	112
Japanese Yen	207	(487)	(2,038)	(2,318)
Mexican Peso	10	-	(2,461)	(2,451)
Total foreign denominated derivatives	914	(82)	(4,508)	(3,676)
U.S. Dollar	-	(1,485)	14,116	12,631
Total	<u>\$ 914</u>	<u>\$ (1,567)</u>	<u>\$ 9,608</u>	<u>\$ 8,955</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 February 29, 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	\$ -	\$ 3,339	\$ -	\$ 3,339
Corporate ABS residual	-	971	-	971
Corporate ABS	-	47,644	-	47,644
Corporate CMO	-	68,880	-	68,880
Corporate preferred securities	11,256	-	-	11,256
Foreign ABS	-	78,400	-	78,400
Foreign corporate bonds	-	290,543	-	290,543
Foreign currency forward contracts	-	1,011	-	1,011
Foreign equity investments	362	-	-	362
Foreign government bonds	-	240,114	-	240,114
Futures contracts	3,610	-	-	3,610
Money market mutual fund	51,038	-	-	51,038
Municipal bonds	-	17,429	-	17,429
Options contracts purchased	3,218	-	-	3,218
Repurchase agreement	-	69,000	-	69,000
Securities lending collateral	-	75,485	-	75,485
Swaps	-	22,493	-	22,493
U.S. corporate bonds	-	308,922	-	308,922
U.S. Government agency bonds	-	3,019	-	3,019
U.S. Government agency CMO	-	93,385	-	93,385
U.S. Government agency CMO IO	-	5,107	-	5,107
U.S. Government agency MBS	-	522,669	-	522,669
U.S. Government agency TBAs	-	214,671	-	214,671
U.S. Treasury issues	-	410,444	-	410,444
U.S. Treasury inflation protected securities	-	15,605	-	15,605
Total	<u>\$ 69,484</u>	<u>\$ 2,489,131</u>	<u>\$ -</u>	<u>\$ 2,558,615</u>
Commingled debt funds				161,098
Total				<u>\$ 2,719,713</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (97)	\$ -	\$ (97)
Futures contracts	(5,177)	-	-	(5,177)
Options contracts written	(3,700)	(51)	-	(3,751)
Securities sold short	-	(12,106)	-	(12,106)
Swaps	-	(12,885)	-	(12,885)
Total	<u>\$ (8,877)</u>	<u>\$ (25,139)</u>	<u>\$ -</u>	<u>\$ (34,016)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of February 29, 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 February 29, 2024:

	Fair Value
Securities on loan	\$ 197,169
Collateral received:	
Cash	\$ 75,485
Non-cash	126,677
Total collateral received	\$ 202,162

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 February 29, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 711,856
Public Employees' Retirement System	647,755
Workers' Compensation Old Fund	205,524
Revenue Shortfall Reserve Fund - Part B	189,270
Revenue Shortfall Reserve Fund	167,067
West Virginia Retiree Health Benefit Trust Fund	141,467
West Virginia Department of Environmental Protection Agency	68,835
State Police Death, Disability and Retirement Fund	58,081
Coal Workers' Pneumoconiosis Fund	48,961
Public Employees Insurance Agency	39,536
State Police Retirement System	25,881
Deputy Sheriff's Retirement System	24,826
Judges' Retirement System	22,143
Board of Risk and Insurance Management	21,156
Municipal Policemen's or Firemen's Pension and Relief Funds	18,211
Workers' Compensation Self-Insured Employer Security Risk Pool	12,115
Emergency Medical Services Retirement System	9,921
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,492
Wildlife Endowment Fund	5,506
Workers' Compensation Uninsured Employers' Fund	4,298
West Virginia State Parks and Recreation Endowment Fund	3,271
Municipal Police Officers' and Firefighters' Retirement System	2,990
Natural Resources Police Officer Retirement System	2,177
West Virginia Department of Environmental Protection Trust	1,299
Berkeley County Development Authority	496
Total	\$ 2,442,134



**Financial Statements - Unaudited**

**February 29, 2024**



# Core Fixed Income Pool

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## Financial Statements - Unaudited February 29, 2024

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# Core Fixed Income Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Fixed income investments	\$ 1,986,612
Money market mutual fund	3,296
Securities lending collateral	118,749
Receivables:	
Interest, dividends, and other investment income	10,983
Investments sold	69
	<hr/>
<b>Total assets</b>	<b>2,119,709</b>

### Liabilities

Accrued expenses	578
Payable for investments purchased	9,870
Payable upon return of securities loaned	118,749
	<hr/>
<b>Total liabilities</b>	<b>129,197</b>
	<hr/>
<b>Net position</b>	<b>\$ 1,990,512</b>

### Unit data

Units outstanding	167,408,218
Net position, unit price	\$ 11.89

See accompanying notes to financial statements.

## Core Fixed Income Pool

**Statement of Change in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income (loss)</b>		
Net decrease in fair value of investments	\$ (31,423)	\$ (10,973)
Interest and dividends	6,462	49,970
Securities lending income	529	3,896
<b>Total investment income (loss)</b>	(24,432)	42,893
<b>Expenses</b>		
Investment advisor fees	(221)	(1,877)
Custodian bank fees	(4)	(31)
Management and other allocated fees	(54)	(422)
Professional service fees - direct	(1)	(6)
Securities lending expenses	(503)	(3,671)
<b>Total expenses</b>	(783)	(6,007)
<b>Net investment income (loss)</b>	(25,215)	36,886
<b>Unit transactions</b>		
Proceeds from sale of units	32,296	245,585
Amount paid for repurchase of units	(1,536)	(87,016)
<b>Net increase from unit transactions</b>	30,760	158,569
<b>Increase in net position</b>	5,545	195,455
<b>Net position, beginning of period</b>	1,984,967	1,795,057
<b>Net position, end of period</b>	\$ 1,990,512	\$ 1,990,512

*\*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 February 29, 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS	\$ -	\$ 214,460	\$ -	\$ 214,460
Corporate CMO	-	72,094	-	72,094
Corporate CMO IO	-	114	-	114
Corporate CMO PO	-	5,229	-	5,229
Foreign ABS	-	2,325	-	2,325
Foreign corporate bonds	-	177,808	-	177,808
Foreign government bonds	-	5,097	-	5,097
Money market mutual fund	3,296	-	-	3,296
Municipal bonds	-	9,785	-	9,785
Securities lending collateral	-	118,749	-	118,749
U.S. corporate bonds	-	360,879	-	360,879
U.S. Government agency CMO	-	114,023	-	114,023
U.S. Government agency CMO IO	-	1,258	-	1,258
U.S. Government agency CMO PO	-	1,603	-	1,603
U.S. Government agency MBS	-	456,615	-	456,615
U.S. Government agency TBAs	-	2,296	-	2,296
U.S. Treasury issues	-	563,026	-	563,026
Total	\$ 3,296	\$ 2,105,361	\$ -	\$ 2,108,657

# 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 February 29, 2024:

	Fair Value
Securities on loan	\$ 198,771
Collateral received:	
Cash	\$ 118,749
Non-cash	84,929
Total collateral received	\$ 203,678

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 February 29, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 707,902
Public Employees' Retirement System	644,173
West Virginia Retiree Health Benefit Trust Fund	141,090
Workers' Compensation Old Fund	86,850
Revenue Shortfall Reserve Fund - Part B	79,873
Revenue Shortfall Reserve Fund	70,501
State Police Death, Disability and Retirement Fund	57,539
West Virginia Department of Environmental Protection Agency	29,572
State Police Retirement System	25,666
Deputy Sheriff's Retirement System	24,655
Judges' Retirement System	21,958
Coal Workers' Pneumoconiosis Fund	20,814
Municipal Policemen's or Firemen's Pension and Relief Funds	18,126
Public Employees Insurance Agency	16,893
Emergency Medical Services Retirement System	9,821
Board of Risk and Insurance Management	9,110
Wildlife Endowment Fund	5,491
Workers' Compensation Self-Insured Employer Security Risk Pool	5,153
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,044
West Virginia State Parks and Recreation Endowment Fund	3,263
Municipal Police Officers' and Firefighters' Retirement System	2,969
Natural Resources Police Officer Retirement System	2,161
Workers' Compensation Uninsured Employers' Fund	1,841
West Virginia Department of Environmental Protection Trust	554
Berkeley County Development Authority	493
Total	\$ 1,990,512



**Financial Statements - Unaudited**

**February 29, 2024**



# TIPS Pool

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## Financial Statements - Unaudited February 29, 2024

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# TIPS Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:

U.S. Treasury inflation protected securities \$ 498,196

Money market mutual fund 109

Receivables:

Interest, dividends, and other investment income 1,003

**Total assets** 499,308

### Liabilities

Accrued expenses 38

Payable for investments purchased 9,781

**Total liabilities** 9,819

**Net position** \$ 489,489

### Unit data

Units outstanding 37,058,127

Net position, unit price \$ 13.21

See accompanying notes to financial statements.



## TIPS Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 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	\$ (4,558)	\$ 8,534
Interest and dividend income	327	2,438
Securities lending income	5	44
<b>Total investment income (loss)</b>	(4,226)	11,016
<b>Expenses</b>		
Investment advisor fees	(5)	(38)
Custodian bank fees	(1)	(3)
Management and other allocated fees	(13)	(102)
Securities lending expenses	(1)	(12)
<b>Total expenses</b>	(20)	(155)
<b>Net investment income (loss)</b>	(4,246)	10,861
<b>Unit transactions</b>		
Proceeds from sale of units	28	101,165
Amount paid for repurchase of units	-	(24,325)
<b>Net increase from unit transactions</b>	28	76,840
<b>Increase (decrease) in net position</b>	(4,218)	87,701
<b>Net position, beginning of period</b>	493,707	401,788
<b>Net position, end of period</b>	\$ 489,489	\$ 489,489

*\*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 February 29, 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 February 29, 2024:

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 109	\$ -	\$ -	\$ 109
U.S. TIPS	-	498,196	-	498,196
Total	\$ 109	\$ 498,196	\$ -	\$ 498,305

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at February 29, 2024:

	Fair Value
Securities on loan	\$ 92,121
Collateral received:	
Cash	\$ -
Non-cash	94,281
Total collateral received	\$ 94,281

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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 232,037
Revenue Shortfall Reserve Fund - Part B	116,548
Workers' Compensation Old Fund	82,111
Public Employees Insurance Agency	20,603
Coal Workers' Pneumoconiosis Fund	19,576
Board of Risk and Insurance Management	8,380
Workers' Compensation Self-Insured Employer Security Risk Pool	4,794
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,732
Workers' Compensation Uninsured Employers' Fund	1,708
Total	<u>\$ 489,489</u>



**Financial Statements - Unaudited**

**February 29, 2024**





# Private Markets Pool

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## Financial Statements - Unaudited February 29, 2024

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# Private Markets Pool

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## Statement of Net Position - Unaudited

February 29, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Alternative investments	\$ 5,906,606
Equity investments	212,553
Fixed income investments	14,118
Money market mutual fund	115,984
Securities lending collateral	8,545
Cash	96
Receivables:	
Investments sold	1,105
Income distributions from real estate limited partnerships and funds	4,484
Interest, dividends, and other investment income	1,061
	<hr/>
<b>Total assets</b>	<b>6,264,552</b>

### Liabilities

Accrued expenses	906
Payable for investments purchased	1,348
Payable upon return of securities loaned	8,545
	<hr/>
<b>Total liabilities</b>	<b>10,799</b>

**Net position** \$ 6,253,753

### Unit data

Units outstanding	206,133,083
Net position, unit price	<u><u>\$ 30.34</u></u>

See accompanying notes to financial statements.

## Private Markets Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 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	\$ 6,353	\$ (127,860)
Income from partnerships and funds	10,160	83,695
Interest and dividends	997	10,663
Fund closing interest	32	1,706
Securities lending income	42	409
<b>Total investment income (loss)</b>	17,584	(31,387)
<b>Expenses</b>		
Investment advisor fees	(173)	(744)
Custodian bank fees	(3)	(20)
Management and other allocated fees	(167)	(1,385)
Professional service fees - direct	(121)	(1,093)
Management fees - external	(436)	(4,913)
Fund closing costs	-	(789)
Securities lending expenses	(36)	(340)
<b>Total expenses</b>	(936)	(9,284)
<b>Net investment income (loss)</b>	16,648	(40,671)
<b>Unit transactions</b>		
Proceeds from sale of units	1,141	193,929
Amount paid for repurchase of units	(25,925)	(107,735)
<b>Net increase (decrease) from unit transactions</b>	(24,784)	86,194
<b>Increase (decrease) in net position</b>	(8,136)	45,523
<b>Net position, beginning of period</b>	6,261,889	6,208,230
<b>Net position, end of period</b>	\$ 6,253,753	\$ 6,253,753

*\*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 February 29, 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 February 29, 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 February 29, 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	\$ 34,551	\$ -	\$ -	\$ 34,551
Money market mutual fund	115,984	-	-	115,984
Securities lending collateral	-	8,545	-	8,545
U.S. common stock	167,369	-	-	167,369
U.S. corporate bonds	-	14,118	-	14,118
U.S. preferred stock	10,633	-	-	10,633
Total	<u>\$ 328,537</u>	<u>\$ 22,663</u>	<u>\$ -</u>	<u>\$ 351,200</u>
Private credit & income funds				1,003,550
Private equity partnerships				2,662,053
Real estate limited partnerships and funds				2,241,003
Total				<u>\$ 6,257,806</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 February 29, 2024:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Core Debt (b)	\$ 581,434	\$ 118,613	2029 to 2031	Quarterly	45 days
Opportunistic Debt (c)	163,887	131,211	2026 to 2031	N/A	N/A
Specialty Credit (d)	258,229	188,050	2024 to 2032	N/A	N/A
Private equity partnerships:					
Corporate Finance - Buyout (e)	1,781,449	480,536	2024 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (f)	27,057	16,263	2024	N/A	N/A
Corporate Finance - Growth Equity (g)	161,119	92,555	2025 to 2031	N/A	N/A
Corporate Finance - Hard Assets (h)	128,187	39,607	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)	71,097	21,783	2024 to 2028	N/A	N/A
Corporate Finance - Turnaround (k)	92,559	84,911	2024 to 2032	N/A	N/A
Venture Capital (l)	398,634	47,521	2025 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (m)	1,206,537	2,750	N/A	Quarterly	45-90 days
Opportunistic (n)	327,014	293,502	2024 to 2034	N/A	N/A
Value (o)	707,452	533,335	2024 to 2068	N/A	N/A
Total	<u>\$ 5,906,606</u>	<u>\$ 2,051,117</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 February 29, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 33,334
Collateral received:	
Cash	\$ 8,545
Non-cash	<u>25,549</u>
Total collateral received	<u>\$ 34,094</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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,604,449
Public Employees' Retirement System	2,361,495
West Virginia Retiree Health Benefit Trust Fund	500,492
State Police Death, Disability and Retirement Fund	214,569
State Police Retirement System	93,168
Deputy Sheriff's Retirement System	90,629
Judges' Retirement System	79,326
Workers' Compensation Old Fund	76,362
Municipal Policemen's or Firemen's Pension and Relief Funds	64,002
Emergency Medical Services Retirement System	36,266
Revenue Shortfall Reserve Fund - Part B	24,569
Wildlife Endowment Fund	19,484
Coal Workers' Pneumoconiosis Fund	18,274
West Virginia State Parks and Recreation Endowment Fund	11,571
West Virginia Department of Environmental Protection Agency	11,363
Municipal Police Officers' and Firefighters' Retirement System	10,991
Natural Resources Police Officer Retirement System	8,122
Board of Risk and Insurance Management	7,927
Public Employees Insurance Agency	6,493
Workers' Compensation Self-Insured Employer Security Risk Pool	4,513
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,530
West Virginia Department of Environmental Protection Trust	2,802
Berkeley County Development Authority	1,751
Workers' Compensation Uninsured Employers' Fund	1,605
Total	<u>\$ 6,253,753</u>

**Financial Statements - Unaudited**

**February 29, 2024**



# Hedge Fund Pool

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## Financial Statements - Unaudited February 29, 2024

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# Hedge Fund Pool

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**Statement of Net Position - Unaudited**  
**February 29, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
Hedge funds	\$ 2,697,833
Money market mutual fund	633
Receivables:	
Interest and dividends	2
Investment funds redeemed	<u>726</u>
<b>Total assets</b>	<b>2,699,194</b>

**Liabilities**

Accrued expenses	<u>225</u>
<b>Net position</b>	<b><u>\$ 2,698,969</u></b>

**Unit data**

Units outstanding	128,095,014
Net position, unit price	<u>\$ 21.07</u>

*See accompanying notes to financial statements.*

# Hedge Fund Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended February 29, 2024\***  
*(Amounts in thousands)*

	<u>Month</u>	<u>Year To Date</u>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 48,066	\$ 219,634
Interest and dividend income	3	486
	<u>48,069</u>	<u>220,120</u>
<b>Expenses</b>		
Professional service fees - direct	(40)	(373)
Custodian bank fees	-	(1)
Management and other allocated fees	(72)	(560)
	<u>(112)</u>	<u>(934)</u>
<b>Net investment income</b>	47,957	219,186
<b>Unit transactions</b>		
Proceeds from sale of units	1,392	117,901
Amount paid for repurchase of units	(4,333)	(119,201)
	<u>(2,941)</u>	<u>(1,300)</u>
<b>Increase in net position</b>	45,016	217,886
<b>Net position, beginning of period</b>	<u>2,653,953</u>	<u>2,481,083</u>
<b>Net position, end of period</b>	<u>\$ 2,698,969</u>	<u>\$ 2,698,969</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 February 29, 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 February 29, 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 February 29, 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	\$ 633	\$ -	\$ -	\$ 633
Hedge funds				2,697,833
Total				\$ 2,698,466

The following table presents information on investments measured at the NAV as of February 29, 2024:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 255,127	Monthly, Quarterly	5 to 65 days
Equity long/short (b)	497,695	Quarterly	45 to 90 days
Event-driven (c)	212,631	Quarterly	180 days
Long-biased (d)	90,521	Monthly	90 days
Multi-strategy (e)	1,327,446	Monthly, Quarterly, Semi-annually	45 to 90 days
Relative-value (f)	264,820	Weekly, Quarterly	5 to 60 days
	\$ 2,648,240		
In liquidation (g)	49,593		
Total	\$ 2,697,833		

- (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 87 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 February 29, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,019,855
Public Employees' Retirement System	925,076
West Virginia Retiree Health Benefit Trust Fund	195,957
Workers' Compensation Old Fund	134,563
State Police Death, Disability and Retirement Fund	84,027
West Virginia Department of Environmental Protection Agency	53,089
State Police Retirement System	36,472
Deputy Sheriff's Retirement System	35,483
Coal Workers' Pneumoconiosis Fund	32,200
Judges' Retirement System	31,060
Public Employees Insurance Agency	30,493
Revenue Shortfall Reserve Fund - Part B	28,858
Municipal Policemen's or Firemen's Pension and Relief Funds	25,059
Emergency Medical Services Retirement System	14,197
Board of Risk and Insurance Management	13,963
Workers' Compensation Self-Insured Employer Security Risk Pool	7,953
Wildlife Endowment Fund	7,627
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,220
West Virginia State Parks and Recreation Endowment Fund	4,529
Municipal Police Officers' and Firefighters' Retirement System	4,298
Natural Resources Police Officer Retirement System	3,181
Workers' Compensation Uninsured Employers' Fund	2,829
West Virginia Department of Environmental Protection Trust	1,294
Berkeley County Development Authority	686
Total	<u>\$ 2,698,969</u>