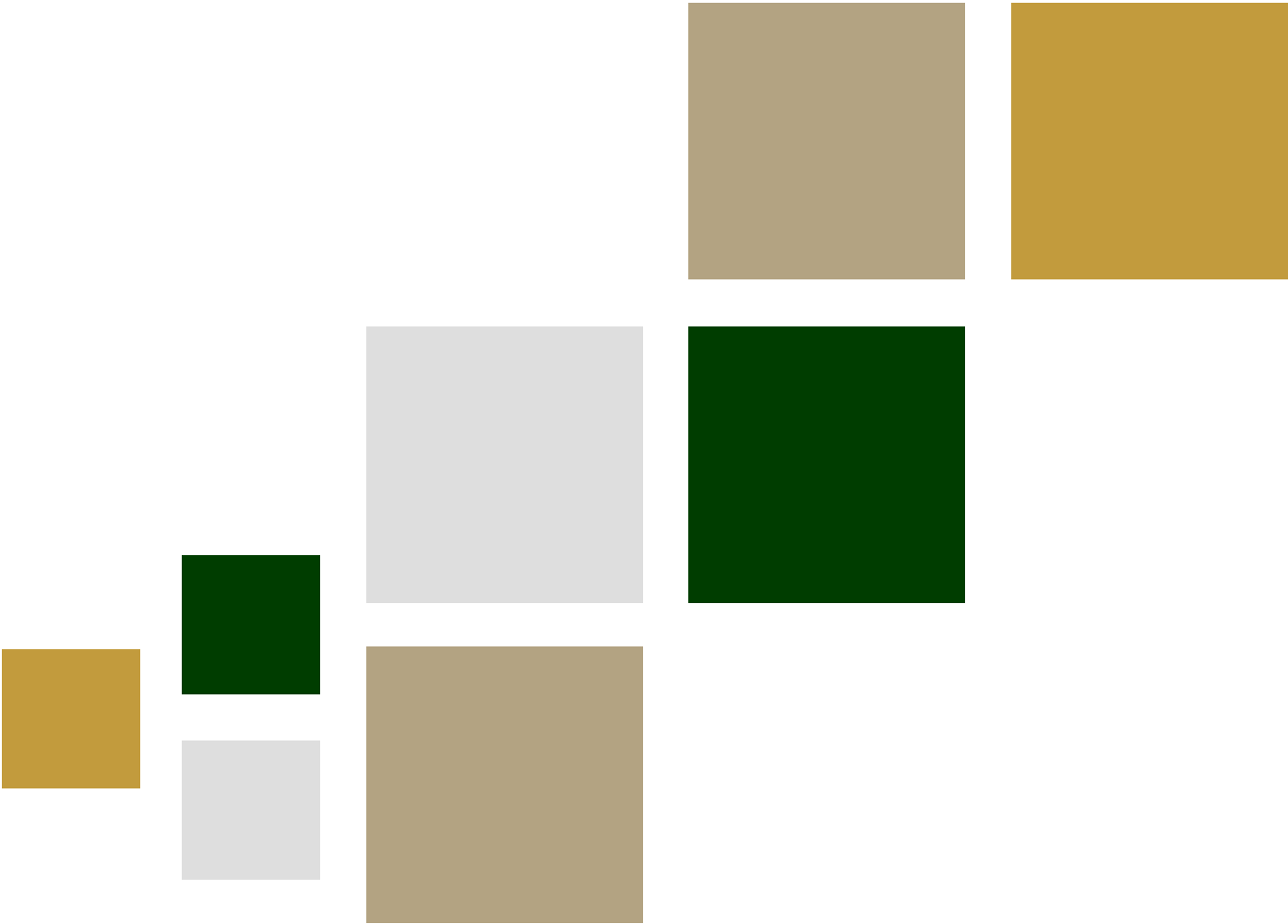
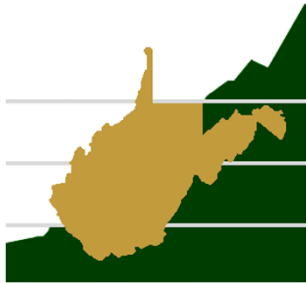


West Virginia Investment Management Board

Financial Statements

May 31, 2024



Financial Statements – Unaudited

May 31, 2024

Order of Presentation

Portable Alpha

Large Cap Domestic Equity

Non-Large Cap Domestic Equity

International Qualified

International Nonqualified

International Equity

Short-Term Fixed Income

Total Return Fixed Income

Core Fixed Income

TIPS

Private Markets

Hedge Fund

Financial Statements - Unaudited

May 31, 2024

Portable Alpha Pool

Financial Statements - Unaudited May 31, 2024

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Portable Alpha Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 2,021,578
Commingled equity fund	2,133,191
Fixed income investments	892,407
Derivative instruments	77,163
Money market mutual fund	901,495
Receivable for interest and dividends	<u>7,666</u>
Total assets	6,033,500

Liabilities

Cash due to broker	46,167
Cash overdraft	223
Accrued expenses	467
Payable for investments purchased	<u>192,382</u>
Total liabilities	<u>239,239</u>
Net position	<u><u>\$ 5,794,261</u></u>

Unit data

Units outstanding	91,216,536
Net position, unit price	<u><u>\$ 63.52</u></u>

See accompanying notes to financial statements.

Portable Alpha Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 252,940	\$ 991,121
Interest and dividends	5,567	51,392
Total investment income	258,507	1,042,513
Expenses		
Investment advisor fees	(99)	(1,031)
Custodian bank fees	(3)	(22)
Management and other allocated fees	(125)	(1,519)
Professional service fees - direct	(13)	(185)
Total expenses	(240)	(2,757)
Net investment income	258,267	1,039,756
Unit transactions		
Proceeds from sale of units	101,039	332,011
Amount paid for repurchase of units	-	(873,142)
Net increase (decrease) from unit transactions	101,039	(541,131)
Increase in net position	359,306	498,625
Net position, beginning of period	5,434,955	5,295,636
Net position, end of period	\$ 5,794,261	\$ 5,794,261

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

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

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

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

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

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

Structured Securities - The Pool invests in asset-backed securities (ABS) to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

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

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

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Income Taxes - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of May 31, 2024.

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

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

The table below presents the fair value, the fiscal year to date net increase (decrease) in fair value, and the notional amount of derivative financial instruments outstanding as of and for the period ended May 31, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value
Futures contracts:			
Equity index futures long	<u>\$ 77,163</u>	<u>\$ 480,528</u>	<u>\$ 3,860,420</u>

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 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)	\$ 240,147	\$ -	\$ -	\$ 240,147
Certificates of deposit	-	16,484	-	16,484
Commercial paper	-	234,206	-	234,206
Commingled equity fund	2,133,191	-	-	2,133,191
Corporate ABS	-	35,027	-	35,027
Foreign corporate bonds	-	17,834	-	17,834
Futures contracts	77,163	-	-	77,163
Money market mutual fund	901,495	-	-	901,495
U.S. corporate bonds	-	20,169	-	20,169
U.S. Government agency bonds	-	23,793	-	23,793
U.S. Treasury issues	-	544,894	-	544,894
Total	<u>\$ 3,351,996</u>	<u>\$ 892,407</u>	<u>\$ -</u>	<u>\$ 4,244,403</u>
ARP funds				<u>1,781,431</u>
Total				<u>\$ 6,025,834</u>

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

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 382,652	Monthly	10 to 30 days
Multi-Premia (b)	1,241,454	Daily, Weekly, Semi-monthly, Monthly	1 to 60 days
Relative-Value (c)	157,325	Monthly	30 days
	<u>\$ 1,781,431</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

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,467,311
Public Employees' Retirement System	2,246,425
West Virginia Retiree Health Benefit Trust Fund	479,538
State Police Death, Disability and Retirement Fund	202,241
State Police Retirement System	89,888
Deputy Sheriff's Retirement System	86,955
Judges' Retirement System	75,775
Municipal Policemen's or Firemen's Pension and Relief Funds	60,867
Emergency Medical Services Retirement System	34,992
Wildlife Endowment Fund	18,366
West Virginia State Parks and Recreation Endowment Fund	11,285
Municipal Police Officers' and Firefighters' Retirement System	11,072
Natural Resources Police Officer Retirement System	7,868
Berkeley County Development Authority	1,678
Total	<u>\$ 5,794,261</u>

Financial Statements - Unaudited

May 31, 2024

Large Cap Domestic Equity Pool

Financial Statements - Unaudited May 31, 2024

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Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Commingled equity fund	\$ 323,463
Money market mutual fund	<u>1</u>
Total assets	323,464

Liabilities

Accrued expenses	17
Payable for investments purchased	<u>6,000</u>
Total liabilities	<u>6,017</u>

Net position	<u>\$ 317,447</u>
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Unit data

Units outstanding	5,031,189
Net position, unit price	<u><u>\$ 63.10</u></u>

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 15,002	\$ 58,976
Interest and dividends	-	19
	15,002	58,995
Expenses		
Investment advisor fees	(2)	(22)
Custodian bank fees	-	(1)
Management and other allocated fees	(7)	(88)
	(9)	(111)
	14,993	58,884
Unit transactions		
Proceeds from sale of units	-	19,052
Amount paid for repurchase of units	(5,998)	(77,502)
	(5,998)	(58,450)
	8,995	434
	308,452	317,013
	\$ 317,447	\$ 317,447

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

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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 May 31, 2024.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 323,463	\$ -	\$ -	\$ 323,463
Money market mutual fund	1	-	-	1
Total	<u>\$ 323,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,464</u>

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 112,794
Revenue Shortfall Reserve Fund - Part B	51,297
West Virginia Department of Environmental Protection Agency	48,145
Revenue Shortfall Reserve Fund	31,480
Coal Workers' Pneumoconiosis Fund	27,164
Public Employees Insurance Agency	15,616
Board of Risk and Insurance Management	12,052
Workers' Compensation Self-Insured Employer Security Risk Pool	6,782
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,348
West Virginia Department of Environmental Protection Trust	3,432
Workers' Compensation Uninsured Employers' Fund	2,457
Municipal Policemen's or Firemen's Pension and Relief Funds	880
Total	<u>\$ 317,447</u>

Financial Statements - Unaudited

May 31, 2024

Non-Large Cap Domestic Equity Pool

Financial Statements - Unaudited May 31, 2024

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Non-Large Cap Domestic Equity Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 1,099,070
Money market mutual fund	25,891
Securities lending collateral	90,018
Receivables:	
Dividends and other investment income	607
Investments sold	5,819
	<hr/>
Total assets	1,221,405

Liabilities

Accrued expenses	1,715
Payable for investments purchased	6,758
Payable upon return of securities loaned	90,018
	<hr/>
Total liabilities	98,491
	<hr/>
Net position	\$ 1,122,914

Unit data

Units outstanding	18,348,150
Net position, unit price	\$ 61.20

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 30,654	\$ 162,368
Dividends	1,075	9,382
Securities lending income	412	3,941
Total investment income	32,141	175,691
Expenses		
Investment advisor fees	(729)	(9,712)
Custodian bank fees	(4)	(48)
Management and other allocated fees	(24)	(307)
Professional service fees - direct	-	(2)
Securities lending expenses	(382)	(3,618)
Total expenses	(1,139)	(13,687)
Net investment income	31,002	162,004
Unit transactions		
Proceeds from sale of units	-	59,439
Amount paid for repurchase of units	(36,981)	(138,657)
Net decrease from unit transactions	(36,981)	(79,218)
Increase (decrease) in net position	(5,979)	82,786
Net position, beginning of period	1,128,893	1,040,128
Net position, end of period	\$ 1,122,914	\$ 1,122,914

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

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

Assets	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 978,007	\$ -	\$ -	\$ 978,007
Foreign common stock	121,063	-	-	121,063
Money market mutual fund	25,891	-	-	25,891
Securities lending collateral	-	90,018	-	90,018
Total	<u>\$ 1,124,961</u>	<u>\$ 90,018</u>	<u>\$ -</u>	<u>\$ 1,214,979</u>

NOTE 4. SECURITIES LENDING

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

	Fair Value
Securities on loan	\$ 206,503
Collateral received:	
Cash	\$ 90,018
Non-cash	121,209
Total collateral received	<u>\$ 211,227</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

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 453,210
Public Employees' Retirement System	412,082
West Virginia Retiree Health Benefit Trust Fund	87,975
State Police Death, Disability and Retirement Fund	37,049
Workers' Compensation Old Fund	21,217
State Police Retirement System	16,477
Deputy Sheriff's Retirement System	15,974
Judges' Retirement System	13,937
Municipal Policemen's or Firemen's Pension and Relief Funds	11,320
Revenue Shortfall Reserve Fund - Part B	9,639
West Virginia Department of Environmental Protection Agency	8,864
Emergency Medical Services Retirement System	6,413
Revenue Shortfall Reserve Fund	5,978
Coal Workers' Pneumoconiosis Fund	5,027
Wildlife Endowment Fund	3,361
Public Employees Insurance Agency	2,929
Board of Risk and Insurance Management	2,256
West Virginia State Parks and Recreation Endowment Fund	2,064
Municipal Police Officers' and Firefighters' Retirement System	2,032
Natural Resources Police Officer Retirement System	1,440
Workers' Compensation Self-Insured Employer Security Risk Pool	1,269
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,002
West Virginia Department of Environmental Protection Trust	630
Workers' Compensation Uninsured Employers' Fund	462
Berkeley County Development Authority	307
Total	<u>\$ 1,122,914</u>

Financial Statements - Unaudited

May 31, 2024

International Qualified Pool

Financial Statements - Unaudited May 31, 2024

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International Qualified Pool

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

Assets

Investment in commingled equity fund at fair value \$ 1,181,137

Liabilities

Accrued expenses 50

Net position \$ 1,181,087

Unit data

Units outstanding 11,014,738

Net position, unit price \$ 107.23

See accompanying notes to financial statements.

International Qualified Pool

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

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 49,904	\$ 153,422
Expenses		
Investment advisor fees	(507)	(5,499)
Management and other allocated fees	<u>(25)</u>	<u>(329)</u>
Total expenses	<u>(532)</u>	<u>(5,828)</u>
Net investment income	49,372	147,594
Unit transactions		
Proceeds from sale of units	365	28,073
Amount paid for repurchase of units	<u>(340)</u>	<u>(257,751)</u>
Net increase (decrease) from unit transactions	<u>25</u>	<u>(229,678)</u>
Increase (decrease) in net position	49,397	(82,084)
Net position, beginning of period	<u>1,131,690</u>	<u>1,263,171</u>
Net position, end of period	<u>\$ 1,181,087</u>	<u>\$ 1,181,087</u>

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

International Qualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 551,833
Public Employees' Retirement System	501,816
State Police Death, Disability and Retirement Fund	45,279
State Police Retirement System	20,021
Deputy Sheriff's Retirement System	19,391
Judges' Retirement System	16,920
Municipal Policemen's or Firemen's Pension and Relief Funds	13,801
Emergency Medical Services Retirement System	7,800
Municipal Police Officers' and Firefighters' Retirement System	2,475
Natural Resources Police Officer Retirement System	1,751
Total	<u>\$ 1,181,087</u>

Financial Statements - Unaudited

May 31, 2024

International Nonqualified Pool

Financial Statements - Unaudited May 31, 2024

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International Nonqualified Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	196,426
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Liabilities

Accrued expenses		<u>8</u>
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Net position	\$	<u>196,418</u>
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Unit data

Units outstanding		2,025,599
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Net position, unit price	\$	<u>96.97</u>
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See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position - Unaudited

Period Ended May 31, 2024*

(Amounts in thousands, except unit data)

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 8,152	\$ 24,324
Expenses		
Investment advisor fees	(96)	(1,046)
Management and other allocated fees	<u>(5)</u>	<u>(55)</u>
Total expenses	<u>(101)</u>	<u>(1,101)</u>
Net investment income	8,051	23,223
Unit transactions		
Proceeds from sale of units	333	31,678
Amount paid for repurchase of units	<u>(329)</u>	<u>(61,625)</u>
Net increase (decrease) from unit transactions	<u>4</u>	<u>(29,947)</u>
Increase (decrease) in net position	8,055	(6,724)
Net position, beginning of period	<u>188,363</u>	<u>203,142</u>
Net position, end of period	<u>\$ 196,418</u>	<u>\$ 196,418</u>

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

International Nonqualified Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 112,721
Workers' Compensation Old Fund	27,183
Revenue Shortfall Reserve Fund - Part B	12,365
West Virginia Department of Environmental Protection Agency	11,642
Revenue Shortfall Reserve Fund	7,571
Coal Workers' Pneumoconiosis Fund	6,532
Wildlife Endowment Fund	4,322
Public Employees Insurance Agency	3,770
Board of Risk and Insurance Management	2,911
West Virginia State Parks and Recreation Endowment Fund	2,656
Workers' Compensation Self-Insured Employer Security Risk Pool	1,635
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,290
West Virginia Department of Environmental Protection Trust	832
Workers' Compensation Uninsured Employers' Fund	594
Berkeley County Development Authority	394
Total	<u>\$ 196,418</u>

Financial Statements - Unaudited

May 31, 2024

International Equity Pool

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

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International Equity Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Equity investments	\$ 3,030,726
Money market mutual fund	28,603
Securities lending collateral	61,996
Cash (restricted: \$5,013)	12,003
Receivables:	
Dividends and other investment income	23,355
Investments sold	19,524
	<hr/>
Total assets	3,176,207

Liabilities

Accrued capital gains taxes	8,504
Accrued expenses	2,894
Payable for investments purchased	19,988
Payable upon return of securities loaned	61,996
	<hr/>
Total liabilities	93,382

Net position \$ 3,082,825

Unit data

Units outstanding	69,891,059
Net position, unit price	<u><u>\$ 44.11</u></u>

See accompanying notes to financial statements.

International Equity Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 88,176	\$ 385,333
Dividends	17,893	83,224
Securities lending income	370	3,365
Total investment income	106,439	471,922
Expenses		
Investment advisor fees	(1,264)	(12,937)
Custodian bank fees	(123)	(1,213)
Management and other allocated fees	(65)	(799)
Professional service fees - direct	-	(1)
Securities lending expenses	(321)	(3,072)
Total expenses	(1,773)	(18,022)
Net investment income	104,666	453,900
Unit transactions		
Proceeds from sale of units	49	307,366
Amount paid for repurchase of units	(72,151)	(419,772)
Net decrease from unit transactions	(72,102)	(112,406)
Increase in net position	32,564	341,494
Net position, beginning of period	3,050,261	2,741,331
Net position, end of period	\$ 3,082,825	\$ 3,082,825

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

International Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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

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 May 31, 2024.

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

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 3,000,500	\$ -	\$ -	\$ 3,000,500
Money market mutual fund	28,603	-	-	28,603
Preferred stock	30,226	-	-	30,226
Securities lending collateral	-	61,996	-	61,996
Total	<u>\$ 3,059,329</u>	<u>\$ 61,996</u>	<u>\$ -</u>	<u>\$ 3,121,325</u>

NOTE 4. SECURITIES LENDING

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

	<u>Fair Value</u>
Securities on loan	\$ 106,632
Collateral received:	
Cash	\$ 61,996
Non-cash	50,405
Total collateral received	<u>\$ 112,401</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

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,247,894
Public Employees' Retirement System	1,133,737
West Virginia Retiree Health Benefit Trust Fund	237,126
State Police Death, Disability and Retirement Fund	102,175
Workers' Compensation Old Fund	57,464
State Police Retirement System	45,294
Deputy Sheriff's Retirement System	43,868
Judges' Retirement System	38,261
Municipal Policemen's or Firemen's Pension and Relief Funds	31,214
Revenue Shortfall Reserve Fund - Part B	25,928
West Virginia Department of Environmental Protection Agency	24,261
Emergency Medical Services Retirement System	17,656
Revenue Shortfall Reserve Fund	16,096
Coal Workers' Pneumoconiosis Fund	13,714
Wildlife Endowment Fund	9,058
Public Employees Insurance Agency	7,922
Board of Risk and Insurance Management	6,068
Municipal Police Officers' and Firefighters' Retirement System	5,602
West Virginia State Parks and Recreation Endowment Fund	5,571
Natural Resources Police Officer Retirement System	3,962
Workers' Compensation Self-Insured Employer Security Risk Pool	3,442
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,711
West Virginia Department of Environmental Protection Trust	1,726
Workers' Compensation Uninsured Employers' Fund	1,245
Berkeley County Development Authority	830
Total	<u>\$ 3,082,825</u>

Financial Statements - Unaudited

May 31, 2024

Short-Term Fixed Income Pool

Financial Statements - Unaudited May 31, 2024

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Short-Term Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:		
U.S. Government agency bonds	\$	140,828
U.S. Treasury issues		31,953
Repurchase agreement		10,134
Cash		127
Interest receivable		<u>4</u>
	Total assets	183,046

Liabilities

Accrued expenses		<u>18</u>
	Net position	<u>\$ 183,028</u>

Unit data

Units outstanding		183,028,452
Net position, unit price	\$	<u>1.00</u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

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

	Month	Year To Date
Investment income	\$ 908	\$ 9,475
Expenses		
Investment advisor fees	(9)	(89)
Custodian bank fees	(1)	(8)
Total expenses	(10)	(97)
Net investment income	898	9,378
Distributions to unitholders	(898)	(9,378)
Unit transactions		
Proceeds from sale of units	98,196	1,638,841
Reinvestment of distributions	898	9,378
Amount paid for repurchase of units	(81,154)	(1,651,789)
Net increase (decrease) from unit transactions	17,940	(3,570)
Increase (decrease) in net position	17,940	(3,570)
Net position, beginning of period	165,088	186,598
Net position, end of period	\$ 183,028	\$ 183,028

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

Short-Term Fixed Income Pool

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 May 31, 2024.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

Assets	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 10,134	\$ -	\$ 10,134
U.S. Government agency bonds	-	140,828	-	140,828
U.S. Treasury issues	-	31,953	-	31,953
Total	\$ -	\$ 182,915	\$ -	\$ 182,915

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 63,949
Workers' Compensation Old Fund	34,187
Teachers' Retirement System	28,804
Public Employees' Retirement System	18,901
State Police Death, Disability and Retirement Fund	11,129
Coal Workers' Pneumoconiosis Fund	8,605
Board of Risk and Insurance Management	4,526
Workers' Compensation Self-Insured Employer Security Risk Pool	2,344
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,982
Deputy Sheriff's Retirement System	1,429
State Police Retirement System	1,302
Emergency Medical Services Retirement System	1,251
Municipal Policemen's or Firemen's Pension and Relief Funds	1,200
Workers' Compensation Uninsured Employers' Fund	960
Municipal Police Officers' and Firefighters' Retirement System	936
West Virginia State Parks and Recreation Endowment Fund	753
Natural Resources Police Officer Retirement System	303
Judges' Retirement System	276
Wildlife Endowment Fund	166
West Virginia Retiree Health Benefit Trust Fund	21
West Virginia Department of Environmental Protection Agency	3
Revenue Shortfall Reserve Fund - Part B	1
Total	<u>\$ 183,028</u>

Financial Statements - Unaudited

May 31, 2024

Total Return Fixed Income Pool

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

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Total Return Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,480,132
Derivative instruments	45,478
Equity investments	12,866
Money market mutual fund	187,476
Securities lending collateral	46,831
Cash (restricted: \$732)	7,676
Cash due from broker	8,534
Receivables:	
Interest, dividends, and other investment income	14,111
Investments sold	41,548
	<hr/>
Total assets	2,844,652

Liabilities

Investments in derivative instruments at fair value	37,054
Securities sold short at fair value	31,732
Accrued expenses	1,035
Payable for investments purchased	247,210
Payable upon return of securities loaned	46,831
	<hr/>
Total liabilities	363,862
	<hr/>
Net position	\$ 2,480,790

Unit data

Units outstanding	146,715,460
Net position, unit price	<u><u>\$ 16.91</u></u>

See accompanying notes to financial statements.

Total Return Fixed Income Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 32,642	\$ 25,684
Interest and dividends	9,583	96,488
Securities lending income	256	3,624
Total investment income	42,481	125,796
Expenses		
Investment advisor fees	(454)	(4,807)
Custodian bank fees	(13)	(135)
Management and other allocated fees	(53)	(680)
Professional service fees - direct	-	(9)
Securities lending expenses	(238)	(3,220)
Total expenses	(758)	(8,851)
Net investment income	41,723	116,945
Unit transactions		
Proceeds from sale of units	2,996	232,994
Amount paid for repurchase of units	(1,602)	(155,277)
Net increase from unit transactions	1,394	77,717
Increase in net position	43,117	194,662
Net position, beginning of period	2,437,673	2,286,128
Net position, end of period	\$ 2,480,790	\$ 2,480,790

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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, interest rate, and total return swaps are valued at the last settlement price established each day by the exchange on which they are traded, are based on market values received from third parties, or are determined by valuation models.
- Foreign currency forward contracts are valued at the prevailing market exchange rates at month end.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.

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

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash Due to/from Broker - The Pool records 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

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

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Structured Securities - The Pool invests in 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 May 31, 2024.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

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

The table below presents the fair value and the net increase (decrease) in fair value as of and for the period ended May 31, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ 1,843	\$ 2,101
Futures contracts:		
Fixed income futures long	(8,348)	(31,720)
Fixed income futures short	6,249	31,518
Options contracts:		
Fixed income options purchased	2,565	(16,847)
Fixed income options written	(2,688)	23,936
Credit default swaptions purchased	-	(403)
Credit default swaptions written	-	497
Interest rate swaptions purchased	172	192
Interest rate swaptions written	(193)	320
Swaps:		
Credit default swaps protection buyer	(563)	137
Credit default swaps protection seller	400	271
Interest rate swaps	9,109	25,126
Total return swaps	(122)	(122)
Total	<u>\$ 8,424</u>	<u>\$ 35,006</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 May 31, 2024:

Derivative Type	Derivative Assets Subject to a MA	Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Exposure
Foreign currency forward contracts	\$ 1,649	\$ (42)	\$ (977)	\$ (266)	\$ 364
Swaptions	172	(172)	-	-	-
Swaps	23	(23)	-	-	-
Total	<u>\$ 1,844</u>	<u>\$ (237)</u>	<u>\$ (977)</u>	<u>\$ (266)</u>	<u>\$ 364</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 May 31, 2024:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 1,944
Foreign currency forward contracts	BBB	304
Interest rate swaptions purchased	A	172
Credit default swaps protection seller	A	23

Interest Rate Risk

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

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ (8,348)	\$ (4,429)	\$ (3,919)	\$ -	\$ -
Fixed income futures short	6,249	3,326	2,923	-	-
Options contracts:					
Fixed income options purchased	2,565	2,565	-	-	-
Fixed income options written	(2,688)	(505)	(2,183)	-	-
Interest rate swaptions purchased	172	172	-	-	-
Interest rate swaptions written	(193)	(193)	-	-	-
Swaps:					
Interest rate swaps	9,109	(1,194)	14	(1,849)	12,138
Total	<u>\$ 6,866</u>	<u>\$ (258)</u>	<u>\$ (3,165)</u>	<u>\$ (1,849)</u>	<u>\$ 12,138</u>

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

At May 31, 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	\$ (1,194)
3/18/2030	Receive Fixed 3.65%, Pay Floating SOFR	261,363	(4,545)
2/15/2048	Receive Floating SOFR, Pay Fixed 3.05%	47,474	6,951
5/15/2048	Receive Floating SOFR, Pay Fixed 3.15%	13,552	1,779
5/15/2032	Receive Floating SOFR, Pay Fixed 3.22%	59,282	3,769
3/18/2055	Receive Floating SOFR, Pay Fixed 3.51%	65,449	3,331
2/28/2031	Receive Floating SOFR, Pay Fixed 3.87%	145,346	2,747
4/30/2031	Receive Floating SOFR, Pay Fixed 4.20%	16,885	(62)
		<u>\$ 876,056</u>	<u>\$ 12,776</u>

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

<u>Maturity Date</u>	<u>Reference Rate</u>	<u>Notional (USD)</u>	<u>Fair Value</u>
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	\$ 23,441	\$ (1,922)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	22,519	(1,837)
4/16/2029	Receive Fixed 9.49%, Pay Floating MXN TIE	24,276	14
10/27/2053	Receive Floating JPY TONAR, Pay Fixed 1.75%	29,074	78
		<u>\$ 99,310</u>	<u>\$ (3,667)</u>

Reference Index Definitions:

SOFR: Secured Overnight Financing Rate

MXN TIE: Mexican Interbank Deposit Rate

JPY TONAR: Bank of Japan Unsecured Overnight Call Rate

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

The Pool has foreign currency forward contracts, futures contracts, and swap contracts that are denominated in foreign currencies and exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of derivative investments in foreign currencies as of May 31, 2024, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ (40)	\$ (610)	\$ -	\$ (650)
Brazilian Real	1,321	-	-	1,321
British Pound	(26)	(55)	-	(81)
Canadian Dollar	(1)	-	-	(1)
Euro Currency Unit	(102)	132	(7)	23
Japanese Yen	209	1,254	78	1,541
Mexican Peso	482	-	(3,745)	(3,263)
Total foreign denominated derivatives	1,843	721	(3,674)	(1,110)
U.S. Dollar	-	(2,820)	12,498	9,678
Total	\$ 1,843	\$ (2,099)	\$ 8,824	\$ 8,568

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 2024. The Pool's investments in commingled debt funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Bank loans	\$ -	\$ 3,164	\$ -	\$ 3,164
Corporate ABS residual	-	1,099	-	1,099
Corporate ABS	-	48,973	-	48,973
Corporate CMO	-	69,130	-	69,130
Corporate preferred securities	11,376	-	-	11,376
Foreign ABS	-	114,964	-	114,964
Foreign corporate bonds	-	275,071	-	275,071
Foreign currency forward contracts	-	2,248	-	2,248
Foreign equity investments	391	-	-	391
Foreign government bonds	-	244,403	-	244,403
Futures contracts	6,447	-	-	6,447
Money market mutual fund	187,476	-	-	187,476
Municipal bonds	-	12,312	-	12,312
Options contracts purchased	2,565	172	-	2,737
Repurchase agreement	-	44,000	-	44,000
Securities lending collateral	-	46,831	-	46,831
Swaps	-	34,046	-	34,046
U.S. corporate bonds	-	305,367	-	305,367
U.S. Government agency bonds	-	2,027	-	2,027
U.S. Government agency CMO	-	93,527	-	93,527
U.S. Government agency CMO IO	-	9,530	-	9,530
U.S. Government agency MBS	-	492,607	-	492,607
U.S. Government agency TBAs	-	233,668	-	233,668
U.S. Treasury issues	-	355,196	-	355,196
U.S. Treasury inflation protected securities	-	11,715	-	11,715
Total	<u>\$ 208,255</u>	<u>\$ 2,400,050</u>	<u>\$ -</u>	<u>\$ 2,608,305</u>
Commingled debt funds				164,478
Total				<u>\$ 2,772,783</u>

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (405)	\$ -	\$ (405)
Futures contracts	(8,546)	-	-	(8,546)
Options contracts written	(2,688)	(193)	-	(2,881)
Securities sold short	-	(31,732)	-	(31,732)
Swaps	-	(25,222)	-	(25,222)
Total	<u>\$ (11,234)</u>	<u>\$ (57,552)</u>	<u>\$ -</u>	<u>\$ (68,786)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of May 31, 2024. These commingled debt funds invest in certain niche sectors, particularly those that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SECURITIES LENDING

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

	Fair Value
Securities on loan	\$ 133,452
Collateral received:	
Cash	\$ 46,831
Non-cash	89,325
Total collateral received	\$ 136,156

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 May 31, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 727,268
Public Employees' Retirement System	663,545
Workers' Compensation Old Fund	200,894
Revenue Shortfall Reserve Fund - Part B	190,945
Revenue Shortfall Reserve Fund	167,641
West Virginia Retiree Health Benefit Trust Fund	146,104
West Virginia Department of Environmental Protection Agency	69,747
State Police Death, Disability and Retirement Fund	58,914
Coal Workers' Pneumoconiosis Fund	48,299
Public Employees Insurance Agency	39,403
State Police Retirement System	26,901
Deputy Sheriff's Retirement System	25,632
Judges' Retirement System	22,803
Board of Risk and Insurance Management	21,415
Municipal Policemen's or Firemen's Pension and Relief Funds	18,710
Workers' Compensation Self-Insured Employer Security Risk Pool	12,036
Emergency Medical Services Retirement System	10,280
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,492
Wildlife Endowment Fund	5,588
Workers' Compensation Uninsured Employers' Fund	4,360
West Virginia State Parks and Recreation Endowment Fund	3,438
Municipal Police Officers' and Firefighters' Retirement System	3,246
Natural Resources Police Officer Retirement System	2,271
West Virginia Department of Environmental Protection Trust	1,346
Berkeley County Development Authority	512
Total	\$ 2,480,790

Financial Statements - Unaudited

May 31, 2024

Core Fixed Income Pool

Financial Statements - Unaudited May 31, 2024

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Core Fixed Income Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,034,183
Money market mutual fund	27,197
Securities lending collateral	98,470
Receivables:	
Interest, dividends, and other investment income	13,849
Investments sold	53
	<hr/>
Total assets	2,173,752

Liabilities

Accrued expenses	597
Payable for investments purchased	48,979
Payable upon return of securities loaned	98,470
	<hr/>
Total liabilities	148,046
	<hr/>
Net position	\$ 2,025,706

Unit data

Units outstanding	169,746,985
Net position, unit price	\$ 11.93

See accompanying notes to financial statements.

Core Fixed Income Pool

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

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ 27,043	\$ (25,117)
Interest and dividends	7,595	71,248
Securities lending income	512	5,419
Total investment income	35,150	51,550
Expenses		
Investment advisor fees	(252)	(2,613)
Custodian bank fees	(4)	(43)
Management and other allocated fees	(43)	(553)
Professional service fees - direct	-	(7)
Securities lending expenses	(487)	(5,116)
Total expenses	(786)	(8,332)
Net investment income	34,364	43,218
Unit transactions		
Proceeds from sale of units	1,117	317,012
Amount paid for repurchase of units	(27,371)	(129,581)
Net increase (decrease) from unit transactions	(26,254)	187,431
Increase in net position	8,110	230,649
Net position, beginning of period	2,017,596	1,795,057
Net position, end of period	\$ 2,025,706	\$ 2,025,706

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

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS	\$ -	\$ 222,074	\$ -	\$ 222,074
Corporate CMO	-	88,879	-	88,879
Corporate CMO IO	-	105	-	105
Corporate CMO PO	-	5,349	-	5,349
Foreign ABS	-	2,341	-	2,341
Foreign corporate bonds	-	164,659	-	164,659
Foreign government bonds	-	5,800	-	5,800
Money market mutual fund	27,197	-	-	27,197
Municipal bonds	-	8,383	-	8,383
Securities lending collateral	-	98,470	-	98,470
U.S. corporate bonds	-	356,070	-	356,070
U.S. Government agency CMO	-	116,556	-	116,556
U.S. Government agency CMO IO	-	1,164	-	1,164
U.S. Government agency CMO PO	-	1,751	-	1,751
U.S. Government agency MBS	-	470,102	-	470,102
U.S. Treasury issues	-	590,950	-	590,950
Total	<u>\$ 27,197</u>	<u>\$ 2,132,653</u>	<u>\$ -</u>	<u>\$ 2,159,850</u>

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. SECURITIES LENDING

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

	Fair Value
Securities on loan	\$ 225,020
Collateral received:	
Cash	\$ 98,470
Non-cash	130,732
Total collateral received	\$ 229,202

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 May 31, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 719,222
Public Employees' Retirement System	657,850
West Virginia Retiree Health Benefit Trust Fund	144,461
Workers' Compensation Old Fund	85,542
Revenue Shortfall Reserve Fund - Part B	81,611
Revenue Shortfall Reserve Fund	71,646
State Police Death, Disability and Retirement Fund	58,486
West Virginia Department of Environmental Protection Agency	29,925
State Police Retirement System	26,826
Deputy Sheriff's Retirement System	25,473
Judges' Retirement System	22,606
Coal Workers' Pneumoconiosis Fund	20,644
Municipal Policemen's or Firemen's Pension and Relief Funds	18,539
Public Employees Insurance Agency	16,872
Emergency Medical Services Retirement System	10,255
Board of Risk and Insurance Management	9,143
Wildlife Endowment Fund	5,562
Workers' Compensation Self-Insured Employer Security Risk Pool	5,127
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,054
West Virginia State Parks and Recreation Endowment Fund	3,408
Municipal Police Officers' and Firefighters' Retirement System	3,232
Natural Resources Police Officer Retirement System	2,275
Workers' Compensation Uninsured Employers' Fund	1,859
West Virginia Department of Environmental Protection Trust	582
Berkeley County Development Authority	506
Total	\$ 2,025,706

Financial Statements - Unaudited

May 31, 2024

TIPS Pool

Financial Statements - Unaudited May 31, 2024

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TIPS Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

U.S. Treasury inflation protected securities \$ 508,687

Money market mutual fund 141

Receivables:

Interest, dividends, and other investment income 1,289

Investments sold 7,149

Total assets 517,266

Liabilities

Accrued expenses 34

Payable for investments purchased 7,210

Total liabilities 7,244

Net position \$ 510,022

Unit data

Units outstanding 38,138,129

Net position, unit price \$ 13.37

See accompanying notes to financial statements.

TIPS Pool

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

	Month	Year To Date
Investment income		
Net increase in fair value of investments	\$ 6,701	\$ 13,641
Interest and dividend income	426	3,594
Securities lending income	3	63
Total investment income	7,130	17,298
Expenses		
Investment advisor fees	(5)	(54)
Custodian bank fees	(1)	(4)
Management and other allocated fees	(11)	(135)
Securities lending expenses	-	(14)
Total expenses	(17)	(207)
Net investment income	7,113	17,091
Unit transactions		
Proceeds from sale of units	770	116,213
Amount paid for repurchase of units	(745)	(25,070)
Net increase from unit transactions	25	91,143
Increase in net position	7,138	108,234
Net position, beginning of period	502,884	401,788
Net position, end of period	\$ 510,022	\$ 510,022

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

TIPS Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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

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 May 31, 2024.

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 141	\$ -	\$ -	\$ 141
U.S. TIPS	-	508,687	-	508,687
Total	\$ 141	\$ 508,687	\$ -	\$ 508,828

NOTE 4. SECURITIES LENDING

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

	Fair Value
Securities on loan	\$ 73,390
Collateral received:	
Cash	\$ -
Non-cash	74,752
Total collateral received	\$ 74,752

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

Notes to Financial Statements *(Amounts in thousands)*

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 240,764
Revenue Shortfall Reserve Fund - Part B	123,631
Workers' Compensation Old Fund	83,728
Public Employees Insurance Agency	21,982
Coal Workers' Pneumoconiosis Fund	20,148
Board of Risk and Insurance Management	8,943
Workers' Compensation Self-Insured Employer Security Risk Pool	5,043
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,963
Workers' Compensation Uninsured Employers' Fund	1,820
Total	<u>\$ 510,022</u>

Financial Statements - Unaudited

May 31, 2024

Private Markets Pool

Financial Statements - Unaudited May 31, 2024

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Private Markets Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 5,938,372
Equity investments	204,809
Fixed income investments	12,859
Money market mutual fund	129,990
Securities lending collateral	9,710
Receivable for interest, dividends, and other investment income	<u>1,089</u>
Total assets	6,296,829

Liabilities

Accrued expenses	797
Payable for investments purchased	52
Payable upon return of securities loaned	<u>9,710</u>
Total liabilities	<u>10,559</u>
Net position	<u><u>\$ 6,286,270</u></u>

Unit data

Units outstanding	205,097,011
Net position, unit price	<u><u>\$ 30.65</u></u>

See accompanying notes to financial statements.

Private Markets Pool

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

	Month	Year To Date
Investment income (loss)		
Net increase (decrease) in fair value of investments	\$ 27,438	\$ (105,127)
Income from partnerships and funds	7,253	122,621
Interest and dividends	907	15,254
Fund closing interest	917	2,623
Securities lending income	50	594
Total investment income	36,565	35,965
Expenses		
Investment advisor fees	(65)	(917)
Custodian bank fees	(3)	(28)
Management and other allocated fees	(136)	(1,793)
Professional service fees - direct	(121)	(1,471)
Management fees - external	(439)	(7,041)
Fund closing costs	-	(790)
Securities lending expenses	(43)	(496)
Total expenses	(807)	(12,536)
Net investment income	35,758	23,429
Unit transactions		
Proceeds from sale of units	2,671	201,813
Amount paid for repurchase of units	(24,526)	(147,202)
Net increase (decrease) from unit transactions	(21,855)	54,611
Increase in net position	13,903	78,040
Net position, beginning of period	6,272,367	6,208,230
Net position, end of period	\$ 6,286,270	\$ 6,286,270

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

Private Markets Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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 May 31, 2024.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. Dollars using period end spot market exchange rates as supplied by the Pool's custodian.

Private Markets Pool

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

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 May 31, 2024.

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

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 2024. All of the Pool's investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 38,279	\$ -	\$ -	\$ 38,279
Money market mutual fund	129,990	-	-	129,990
Securities lending collateral	-	9,710	-	9,710
U.S. common stock	156,395	-	-	156,395
U.S. corporate bonds	-	12,859	-	12,859
U.S. preferred stock	10,135	-	-	10,135
Total	<u>\$ 334,799</u>	<u>\$ 22,569</u>	<u>\$ -</u>	<u>\$ 357,368</u>
Private credit & income funds				1,032,331
Private equity partnerships				2,665,979
Real estate limited partnerships and funds				2,240,062
Total				<u>\$ 6,295,740</u>

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Core Debt (b)	\$ 592,561	\$ 118,613	2029 to 2031	Quarterly	45 days
Opportunistic Debt (c)	171,576	124,766	2026 to 2031	N/A	N/A
Specialty Credit (d)	268,194	178,313	2024 to 2032	N/A	N/A
Private equity partnerships:					
Corporate Finance - Buyout (e)	1,800,945	504,552	2024 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (f)	26,205	16,263	2025	N/A	N/A
Corporate Finance - Growth Equity (g)	164,091	93,266	2025 to 2031	N/A	N/A
Corporate Finance - Hard Assets (h)	124,750	45,451	2024 to 2033	N/A	N/A
Corporate Finance - Mezzanine (i)	2,016	480	N/A	N/A	N/A
Corporate Finance - Structured Capital (j)	70,617	22,337	2024 to 2028	N/A	N/A
Corporate Finance - Turnaround (k)	95,271	84,749	2024 to 2032	N/A	N/A
Venture Capital (l)	382,084	45,975	2025 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (m)	1,185,675	-	N/A	Quarterly	45-90 days
Opportunistic (n)	347,920	276,104	2024 to 2034	N/A	N/A
Value (o)	706,467	497,806	2024 to 2068	N/A	N/A
Total	<u>\$ 5,938,372</u>	<u>\$ 2,008,675</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 May 31, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 30,086
Collateral received:	
Cash	\$ 9,710
Non-cash	<u>21,034</u>
Total collateral received	<u>\$ 30,744</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

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,611,172
Public Employees' Retirement System	2,376,410
West Virginia Retiree Health Benefit Trust Fund	507,178
State Police Death, Disability and Retirement Fund	214,027
State Police Retirement System	95,033
Deputy Sheriff's Retirement System	91,953
Judges' Retirement System	80,151
Workers' Compensation Old Fund	74,851
Municipal Policemen's or Firemen's Pension and Relief Funds	64,386
Emergency Medical Services Retirement System	37,000
Revenue Shortfall Reserve Fund - Part B	24,435
Wildlife Endowment Fund	19,419
Coal Workers' Pneumoconiosis Fund	17,992
West Virginia State Parks and Recreation Endowment Fund	11,931
Municipal Police Officers' and Firefighters' Retirement System	11,698
West Virginia Department of Environmental Protection Agency	11,564
Natural Resources Police Officer Retirement System	8,317
Board of Risk and Insurance Management	7,977
Public Employees Insurance Agency	6,521
Workers' Compensation Self-Insured Employer Security Risk Pool	4,491
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,540
West Virginia Department of Environmental Protection Trust	2,821
Berkeley County Development Authority	1,776
Workers' Compensation Uninsured Employers' Fund	1,627
Total	<u>\$ 6,286,270</u>

Financial Statements - Unaudited

May 31, 2024

Hedge Fund Pool

Financial Statements - Unaudited May 31, 2024

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Hedge Fund Pool

Statement of Net Position - Unaudited

May 31, 2024

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:

Hedge funds

\$ 2,839,716

Money market mutual fund

15,334

Receivables:

Interest and dividends

71

Investment funds redeemed

1,318

Total assets

2,856,439

Liabilities

Accrued expenses

248

Net position

\$ 2,856,191

Unit data

Units outstanding

130,353,505

Net position, unit price

\$ 21.91

See accompanying notes to financial statements.

Hedge Fund Pool

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

	<u>Month</u>	<u>Year To Date</u>
Investment income		
Net increase in fair value of investments	\$ 29,433	\$ 329,414
Interest and dividend income	72	748
Total investment income	29,505	330,162
Expenses		
Professional service fees - direct	(81)	(541)
Custodian bank fees	-	(1)
Management and other allocated fees	(61)	(742)
Total expenses	(142)	(1,284)
Net investment income	29,363	328,878
Unit transactions		
Proceeds from sale of units	1,661	172,627
Amount paid for repurchase of units	(3,721)	(126,397)
Net increase (decrease) from unit transactions	(2,060)	46,230
Increase in net position	27,303	375,108
Net position, beginning of period	2,828,888	2,481,083
Net position, end of period	<u>\$ 2,856,191</u>	<u>\$ 2,856,191</u>

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

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (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 May 31, 2024.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.

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

Hedge Fund Pool

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 May 31, 2024.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at May 31, 2024. All of the Pool's investments in hedge funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 15,334	\$ -	\$ -	\$ 15,334
Hedge funds				2,839,716
Total				\$ 2,855,050

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

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 287,166	Monthly, Quarterly	5 to 65 days
Equity long/short (b)	510,093	Quarterly	45 to 90 days
Event-driven (c)	224,614	Quarterly	180 days
Long-biased (d)	91,744	Monthly	90 days
Multi-strategy (e)	1,413,154	Monthly, Quarterly, Semi-annually	45 to 90 days
Relative-value (f)	280,934	Weekly, Quarterly	5 to 60 days
	\$ 2,807,705		
In liquidation (g)	32,011		
Total	\$ 2,839,716		

- (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. Investments representing approximately 36 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (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 75 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 78 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 54 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at May 31, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,077,449
Public Employees' Retirement System	980,652
West Virginia Retiree Health Benefit Trust Fund	209,329
Workers' Compensation Old Fund	138,997
State Police Death, Disability and Retirement Fund	88,326
West Virginia Department of Environmental Protection Agency	57,283
State Police Retirement System	39,226
Deputy Sheriff's Retirement System	37,954
Coal Workers' Pneumoconiosis Fund	33,411
Judges' Retirement System	33,080
Public Employees Insurance Agency	32,302
Revenue Shortfall Reserve Fund - Part B	30,253
Municipal Policemen's or Firemen's Pension and Relief Funds	26,573
Emergency Medical Services Retirement System	15,272
Board of Risk and Insurance Management	14,817
Workers' Compensation Self-Insured Employer Security Risk Pool	8,340
Wildlife Endowment Fund	8,015
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,575
West Virginia State Parks and Recreation Endowment Fund	4,924
Municipal Police Officers' and Firefighters' Retirement System	4,830
Natural Resources Police Officer Retirement System	3,433
Workers' Compensation Uninsured Employers' Fund	3,020
West Virginia Department of Environmental Protection Trust	1,397
Berkeley County Development Authority	733
Total	<u>\$ 2,856,191</u>