

*Investment
Performance
Report*

West Virginia
Investment Management Board

June 30, 2003



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September 2, 2003

Board of Trustees
West Virginia Investment Management Board

We have conducted a performance audit of the accompanying Schedule of Investment Performance (the "Schedule") of the individual investment pools operated by the West Virginia Investment Management Board (WVIMB). The audit was conducted in accordance with Article 6 of the West Virginia State Board of Investments (Section 12-6-6 (d)) for the year ending June 30, 2003.

Our examination included such testing, as we believed adequate, to verify that the performance information provided in the Schedule has been prepared and fairly presented in accordance with the Performance Presentation Standards as detailed in the footnotes to the Schedule.

This Schedule is the responsibility of WVIMB's management. Our responsibility is to express an opinion on the Schedule based on our audit.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the performance of the individual investment pools as of June 30, 2003, in conformity with the Performance Presentation Standards as detailed in the footnotes to the Schedule.

Summit Strategies, Inc.

Summit Strategies, Inc.

Schedule of Investment Performance
West Virginia Investment Management Board
For the Period July 1, 2002 to June 30, 2003

Trust Accounts	Total Rate of Return*
Public Employees' Retirement System	4.9%
Teachers' Retirement System	4.8
Public Safety, Death, Disability, and Retirement System	5.7
Deputy Sheriffs' Retirement System	4.9
Judges' Retirement System	4.9
State Police Retirement System	4.8
Workers' Compensation Fund I **	0.5
Workers' Compensation Fund II	4.8
Workers' Compensation Fund III	2.7
Workers' Compensation EELF	6.4
Pneumoconiosis	11.0
Wildlife Endowment Fund	5.9
Prepaid Tuition Trust Fund	5.4
Tobacco Settlement Trust Fund	4.9

**Returns are net of all fees. See Note 2.*

***Return is for the period 1/03 through 6/03.*

Investment Pools

	Total Rates of Return		
	<u>Gross of all fees</u>	<u>Net of manager fees</u>	<u>Net of all fees</u>
Large Cap Domestic Pool	(1.5)%	(1.5)%	(1.6)%
Non-Large Cap Domestic Pool	(1.9)	(2.3)	(2.3)
International Qualified Pool	1.9	1.3	1.3
International Non-Qualified Pool	2.1	1.3	1.2
International Equity Pool	(5.9)	(6.2)	(6.3)
Fixed Income Pool	16.3	16.1	16.1
Fixed Income Qualified Pool	13.3	13.3	13.3
Fixed Income Non-Qualified Pool	13.4	13.4	13.3
Short-Term Fixed Income Pool	1.5	1.4	1.4

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	Total Rates of Return		
	<u>Gross of all fees</u>	<u>Net of manager fees</u>	<u>Net of all fees</u>
Cash Liquidity Pool	1.7%	1.7%	1.6%
Government Money Market Pool	1.5	1.5	1.4
Enhanced Yield Pool	5.8	5.7	5.6

Monthly Money Market Yield (annualized %)
(See Note 3)

	<u>Cash Liquidity Pool</u>	<u>Government Money Market Pool</u>
July 2002	1.9%	1.7%
August 2002	1.9	1.9
September 2002	1.9	1.9
October 2002	1.8	1.6
November 2002	1.7	1.5
December 2002	1.5	1.2
January 2003	1.4	1.2
February 2003	1.4	1.2
March 2003	1.3	1.2
April 2003	1.3	1.2
May 2003	1.3	1.3
June 2003	1.2	1.1

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West Virginia Investment Management Board
For the Period July 1, 2002 to June 30, 2003

Note 1

This report represents the performance returns of the West Virginia Investment Management Board. It is prepared to comply with *West Virginia Code § 12-6-6(d)*.

Note 2

The Total Rate of Return for the investment pools is calculated using the Modified Dietz time weighted rate of return method. The Modified Dietz method weights each cash flow by the amount of time it is held in the portfolio. The formula for the Modified Dietz method is:

$$\text{RDIETZ} = \frac{\text{MVE} - \text{MVB} - \text{F}}{\text{MVB} + \text{FW}}$$

Note 3

The monthly money market yield represents the rate of income, net of expenses, earned over the past month. The return is annualized over a 365-day year, assuming no reinvestment of earnings.