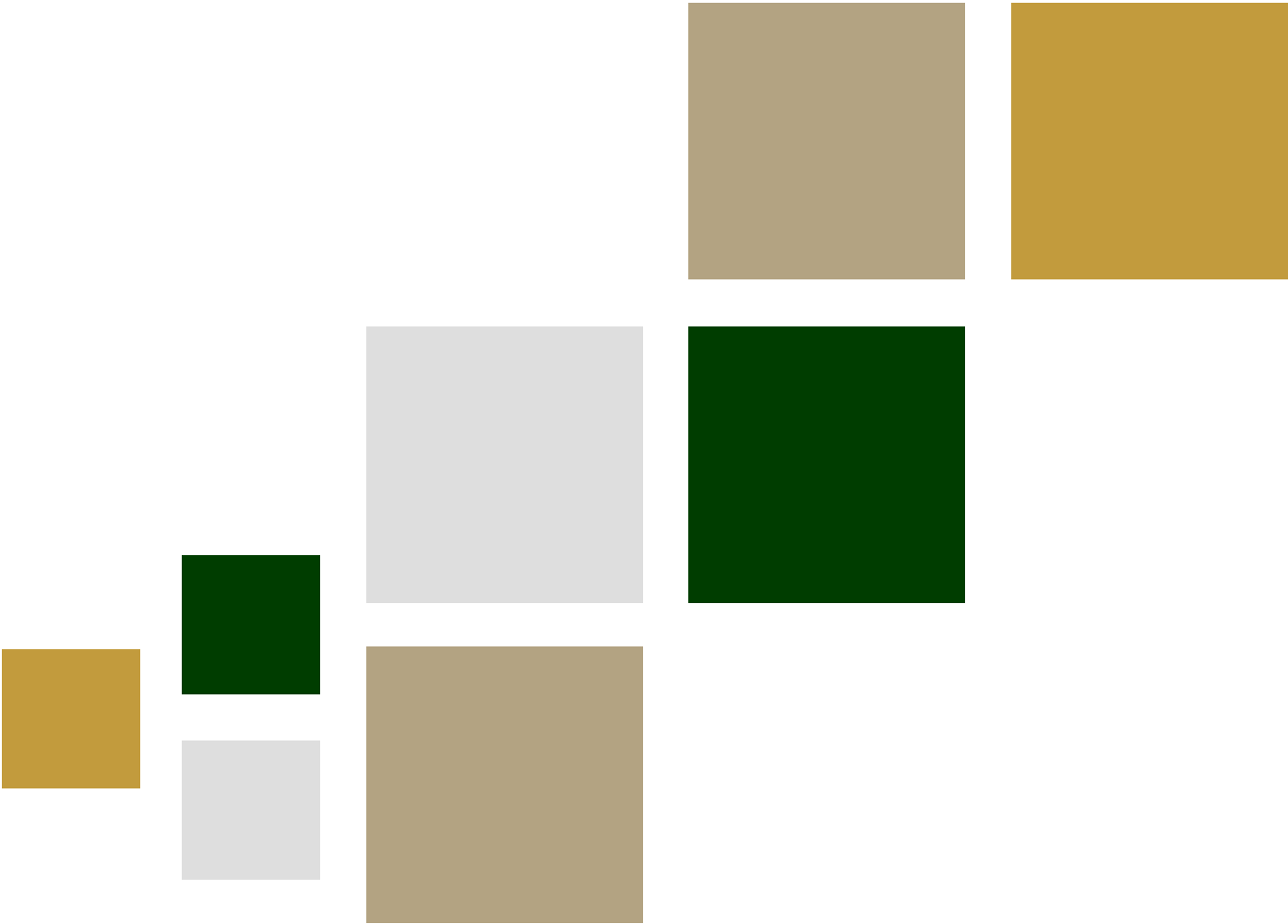
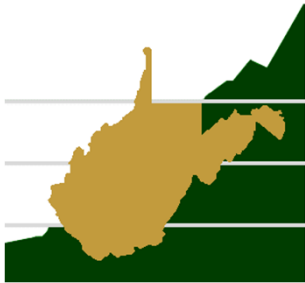


# West Virginia Investment Management Board

## Financial Statements

September 30, 2024





## **Financial Statements – Unaudited**

September 30, 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**

**September 30, 2024**



# Portable Alpha Pool

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## Financial Statements - Unaudited September 30, 2024

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Notes to Financial Statements	3

# Portable Alpha Pool

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## Statement of Net Position - Unaudited

September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 2,127,551
Commingled equity fund	2,722,224
Fixed income investments	870,515
Derivative instruments	82,424
Money market mutual fund	619,511
Cash	300
Receivables:	
Interest and dividends	6,423
Investments sold	16,398
	<hr/>
<b>Total assets</b>	<b>6,445,346</b>

### Liabilities

Cash due to broker	67,744
Accrued expenses	629
Payable for investments purchased	145,000
	<hr/>
<b>Total liabilities</b>	<b>213,373</b>

**Net position** \$ 6,231,973

### Unit data

Units outstanding	89,454,333
Net position, unit price	<u><u>\$ 69.67</u></u>

See accompanying notes to financial statements.



## Portable Alpha Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 128,925	\$ 325,858
Interest and dividends	3,706	11,778
<b>Total investment income</b>	132,631	337,636
<b>Expenses</b>		
Investment advisor fees	(100)	(294)
Custodian bank fees	(2)	(6)
Management and other allocated fees	(154)	(451)
Professional service fees - direct	(14)	(41)
<b>Total expenses</b>	(270)	(792)
<b>Net investment income</b>	132,361	336,844
<b>Unit transactions</b>		
Proceeds from sale of units	144,358	145,613
Amount paid for repurchase of units	-	(81,903)
<b>Net increase from unit transactions</b>	144,358	63,710
<b>Increase in net position</b>	276,719	400,554
<b>Net position, beginning of period</b>	5,955,254	5,831,419
<b>Net position, end of period</b>	\$ 6,231,973	\$ 6,231,973

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

# Portable Alpha Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

# Portable Alpha Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

- Investments in alternative risk premia (ARP) funds are generally securities for which market quotations are not readily available. The WVIMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the WVIMB's interests in the funds. The WVIMB believes that the net asset value of such investments is a reasonable estimate of fair value as of September 30, 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 September 30, 2024.

### NOTE 3. DERIVATIVE INSTRUMENTS

Derivative 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 instruments outstanding as of and for the period ended September 30, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value
Futures contracts:			
Equity index futures long	\$ 82,424	\$ 147,039	\$ 3,707,457

### 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 September 30, 2024. The Pool's investments in ARP funds that were valued using the NAV, except for those that are a RIC, have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
ARP fund (RIC)	\$ 236,265	\$ -	\$ -	\$ 236,265
Certificates of deposit	-	1,000	-	1,000
Commercial paper	-	239,052	-	239,052
Commingled equity fund	2,722,224	-	-	2,722,224
Corporate ABS	-	41,859	-	41,859
Foreign corporate bonds	-	21,635	-	21,635
Futures contracts	82,424	-	-	82,424
Money market mutual fund	619,511	-	-	619,511
U.S. corporate bonds	-	29,285	-	29,285
U.S. Government agency bonds	-	38,080	-	38,080
U.S. Treasury issues	-	499,604	-	499,604
Total	<u>\$ 3,660,424</u>	<u>\$ 870,515</u>	<u>\$ -</u>	<u>\$ 4,530,939</u>
ARP funds				<u>1,891,286</u>
Total				<u>\$ 6,422,225</u>

The following table presents information on investments measured at the NAV as of September 30, 2024:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 425,780	Daily, Monthly	1 to 30 days
Multi-Premia (b)	1,074,322	Weekly, Semi-monthly, Monthly	3 to 30 days
Relative-Value (c)	391,184	Semi-monthly, Monthly	6 to 60 days
	<u>\$ 1,891,286</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. Investments representing approximately 19 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

# Portable Alpha Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,649,842
Public Employees' Retirement System	2,412,958
West Virginia Retiree Health Benefit Trust Fund	519,765
State Police Death, Disability and Retirement Fund	216,901
State Police Retirement System	97,790
Deputy Sheriff's Retirement System	93,889
Judges' Retirement System	81,694
Municipal Policemen's or Firemen's Pension and Relief Funds	65,348
Emergency Medical Services Retirement System	38,139
Wildlife Endowment Fund	19,800
West Virginia State Parks and Recreation Endowment Fund	12,914
Municipal Police Officers' and Firefighters' Retirement System	12,501
Natural Resources Police Officer Retirement System	8,615
Berkeley County Development Authority	1,817
Total	<u>\$ 6,231,973</u>

**Financial Statements - Unaudited**

**September 30, 2024**





# Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited September 30, 2024

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# Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

September 30, 2024

*(Amounts in thousands, except unit data)*

### Assets

Investments, at fair value:	
Commingled equity fund	\$ 346,035
Money market mutual fund	<u>1</u>
<b>Total assets</b>	<b>346,036</b>

### Liabilities

Accrued expenses	<u>23</u>
<b>Net position</b>	<b><u>\$ 346,013</u></b>

### Unit data

Units outstanding	5,002,349
Net position, unit price	<u><u>\$ 69.17</u></u>

*See accompanying notes to financial statements.*

# Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 7,227	\$ 18,858
Dividends	-	1
<b>Total investment income</b>	7,227	18,859
<b>Expenses</b>		
Investment advisor fees	(2)	(6)
Management and other allocated fees	(8)	(25)
<b>Total expenses</b>	(10)	(31)
<b>Net investment income</b>	7,217	18,828
<b>Unit transactions</b>		
Proceeds from sale of units	9,398	9,425
Amount paid for repurchase of units	(1)	(17,313)
<b>Net increase (decrease) from unit transactions</b>	9,397	(7,888)
<b>Increase in net position</b>	16,614	10,940
<b>Net position, beginning of period</b>	329,399	335,073
<b>Net position, end of period</b>	\$ 346,013	\$ 346,013

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

# Large Cap Domestic Equity Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

# Large Cap Domestic Equity Pool

## Notes to Financial Statements (Amounts in thousands)

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

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

**Income Taxes** - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of September 30, 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 September 30, 2024:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 346,035	\$ -	\$ -	\$ 346,035
Money market mutual fund	1	-	-	1
Total	<u>\$ 346,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,036</u>

# Large Cap Domestic Equity Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 119,961
Revenue Shortfall Reserve Fund - Part B	57,192
West Virginia Department of Environmental Protection Agency	53,221
Revenue Shortfall Reserve Fund	35,349
Coal Workers' Pneumoconiosis Fund	29,164
Public Employees Insurance Agency	17,314
Board of Risk and Insurance Management	13,413
Workers' Compensation Self-Insured Employer Security Risk Pool	7,406
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,930
West Virginia Department of Environmental Protection Trust	3,264
Workers' Compensation Uninsured Employers' Fund	2,760
Municipal Policemen's or Firemen's Pension and Relief Funds	1,039
Total	<u>\$ 346,013</u>

**Financial Statements - Unaudited**

**September 30, 2024**





# Non-Large Cap Domestic Equity Pool

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## Financial Statements - Unaudited September 30, 2024

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# Non-Large Cap Domestic Equity Pool

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## Statement of Net Position - Unaudited

September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Equity investments	\$ 1,142,545
Money market mutual fund	72,789
Securities lending collateral	77,926
Receivables:	
Dividends and other investment income	513
Investments sold	19,042
	<hr/>
<b>Total assets</b>	<b>1,312,815</b>

### Liabilities

Accrued expenses	2,649
Payable for investments purchased	7,555
Payable upon return of securities loaned	77,926
	<hr/>
<b>Total liabilities</b>	<b>88,130</b>
	<hr/>
<b>Net position</b>	<b>\$ 1,224,685</b>

### Unit data

Units outstanding	18,726,550
Net position, unit price	\$ 65.40

See accompanying notes to financial statements.

## Non-Large Cap Domestic Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 34,253	\$ 93,681
Dividends	966	2,483
Securities lending income	314	952
<b>Total investment income</b>	35,533	97,116
<b>Expenses</b>		
Investment advisor fees	(734)	(2,580)
Custodian bank fees	(3)	(11)
Management and other allocated fees	(30)	(89)
Professional service fees - direct	-	(1)
Securities lending expenses	(283)	(861)
<b>Total expenses</b>	(1,050)	(3,542)
<b>Net investment income</b>	34,483	93,574
<b>Unit transactions</b>		
Proceeds from sale of units	1	16,226
Amount paid for repurchase of units	(14,969)	(24,978)
<b>Net decrease from unit transactions</b>	(14,968)	(8,752)
<b>Increase in net position</b>	19,515	84,822
<b>Net position, beginning of period</b>	1,205,170	1,139,863
<b>Net position, end of period</b>	\$ 1,224,685	\$ 1,224,685

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

# Non-Large Cap Domestic Equity Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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.

**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. 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.

# Non-Large Cap Domestic Equity Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

Investments made with cash are reported at fair value on the Statement of Net Position. Securities loaned remain on the Statement of Net Position. The 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. 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 September 30, 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.

# Non-Large Cap Domestic Equity Pool

## Notes to Financial Statements (Amounts in thousands)

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

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 September 30, 2024:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic common stock	\$ 1,031,452	\$ -	\$ -	\$ 1,031,452
Foreign common stock	111,093	-	-	111,093
Money market mutual fund	72,789	-	-	72,789
Securities lending collateral	-	77,926	-	77,926
Total	<u>\$ 1,215,334</u>	<u>\$ 77,926</u>	<u>\$ -</u>	<u>\$ 1,293,260</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at September 30, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 287,047
Collateral received:	
Cash	\$ 77,926
Non-cash	217,347
Total collateral received	<u>\$ 295,273</u>

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

# Non-Large Cap Domestic Equity Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 494,694
Public Employees' Retirement System	449,100
West Virginia Retiree Health Benefit Trust Fund	96,433
State Police Death, Disability and Retirement Fund	40,420
Workers' Compensation Old Fund	22,315
State Police Retirement System	18,161
Deputy Sheriff's Retirement System	17,462
Judges' Retirement System	15,196
Municipal Policemen's or Firemen's Pension and Relief Funds	12,359
Revenue Shortfall Reserve Fund - Part B	10,414
West Virginia Department of Environmental Protection Agency	9,821
Emergency Medical Services Retirement System	7,082
Revenue Shortfall Reserve Fund	6,420
Coal Workers' Pneumoconiosis Fund	5,342
Wildlife Endowment Fund	3,669
Public Employees Insurance Agency	3,173
Board of Risk and Insurance Management	2,451
West Virginia State Parks and Recreation Endowment Fund	2,380
Municipal Police Officers' and Firefighters' Retirement System	2,308
Natural Resources Police Officer Retirement System	1,585
Workers' Compensation Self-Insured Employer Security Risk Pool	1,368
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,086
West Virginia Department of Environmental Protection Trust	603
Workers' Compensation Uninsured Employers' Fund	506
Berkeley County Development Authority	337
Total	<u>\$ 1,224,685</u>





**Financial Statements - Unaudited**

**September 30, 2024**



# International Qualified Pool

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## Financial Statements - Unaudited September 30, 2024

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# International Qualified Pool

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**Statement of Net Position - Unaudited**  
**September 30, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investment in commingled equity fund at fair value \$ 1,218,883

**Liabilities**

Accrued expenses 60

**Net position** \$ 1,218,823

**Unit data**

Units outstanding 10,745,987

Net position, unit price \$ 113.42

*See accompanying notes to financial statements.*

## International Qualified Pool

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**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 23,806	\$ 113,791
<b>Expenses</b>		
Investment advisor fees	(523)	(1,562)
Management and other allocated fees	(30)	(90)
<b>Total expenses</b>	<b>(553)</b>	<b>(1,652)</b>
<b>Net investment income</b>	<b>23,253</b>	<b>112,139</b>
<b>Unit transactions</b>		
Proceeds from sale of units	3,172	3,693
Amount paid for repurchase of units	(33,143)	(33,622)
<b>Net decrease from unit transactions</b>	<b>(29,971)</b>	<b>(29,929)</b>
<b>Increase (decrease) in net position</b>	<b>(6,718)</b>	<b>82,210</b>
<b>Net position, beginning of period</b>	<b>1,225,541</b>	<b>1,136,613</b>
<b>Net position, end of period</b>	<b>\$ 1,218,823</b>	<b>\$ 1,218,823</b>

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

# International Qualified Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

# International Qualified Pool

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## Notes to Financial Statements (Amounts in thousands)

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

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

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

**Income Taxes** - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of September 30, 2024.

### NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

# International Qualified Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 568,934
Public Employees' Retirement System	517,772
State Police Death, Disability and Retirement Fund	46,537
State Police Retirement System	20,967
Deputy Sheriff's Retirement System	20,143
Judges' Retirement System	17,520
Municipal Policemen's or Firemen's Pension and Relief Funds	14,242
Emergency Medical Services Retirement System	8,182
Municipal Police Officers' and Firefighters' Retirement System	2,681
Natural Resources Police Officer Retirement System	1,845
Total	<u>\$ 1,218,823</u>



**Financial Statements - Unaudited**

**September 30, 2024**



# International Nonqualified Pool

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## Financial Statements - Unaudited September 30, 2024

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# International Nonqualified Pool

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**Statement of Net Position - Unaudited**  
**September 30, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investment in commingled equity fund at fair value \$ 192,442

**Liabilities**

Accrued expenses 10

**Net position** \$ 192,432

**Unit data**

Units outstanding 1,876,661

Net position, unit price \$ 102.54

*See accompanying notes to financial statements.*

## International Nonqualified Pool

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**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands, except unit data)*

	<u>Month</u>	<u>Year To Date</u>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 3,737	\$ 18,794
<b>Expenses</b>		
Investment advisor fees	(95)	(292)
Management and other allocated fees	<u>(5)</u>	<u>(15)</u>
<b>Total expenses</b>	<u>(100)</u>	<u>(307)</u>
<b>Net investment income</b>	3,637	18,487
<b>Unit transactions</b>		
Proceeds from sale of units	12,663	13,164
Amount paid for repurchase of units	<u>(27,658)</u>	<u>(28,152)</u>
<b>Net decrease from unit transactions</b>	<u>(14,995)</u>	<u>(14,988)</u>
<b>Increase (decrease) in net position</b>	(11,358)	3,499
<b>Net position, beginning of period</b>	<u>203,790</u>	<u>188,933</u>
<b>Net position, end of period</b>	<u>\$ 192,432</u>	<u>\$ 192,432</u>

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

# International Nonqualified Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool invests in a commingled equity fund, specifically The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the MSCI Europe Australasia Far East Index (MSCI EAFE) by 200 basis points over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*). Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten business days advance written notice. Redemptions will generally be made within seven business days following month end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

# International Nonqualified Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

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

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

**Income Taxes** - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of September 30, 2024.

### NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

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

# International Nonqualified Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 111,776
Workers' Compensation Old Fund	25,699
Revenue Shortfall Reserve Fund - Part B	12,042
West Virginia Department of Environmental Protection Agency	11,305
Revenue Shortfall Reserve Fund	7,377
Coal Workers' Pneumoconiosis Fund	6,207
Wildlife Endowment Fund	4,255
Public Employees Insurance Agency	3,665
Board of Risk and Insurance Management	2,837
West Virginia State Parks and Recreation Endowment Fund	2,773
Workers' Compensation Self-Insured Employer Security Risk Pool	1,572
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,256
West Virginia Department of Environmental Protection Trust	692
Workers' Compensation Uninsured Employers' Fund	584
Berkeley County Development Authority	392
Total	<u>\$ 192,432</u>



**Financial Statements - Unaudited**

**September 30, 2024**



# International Equity Pool

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**Financial Statements - Unaudited  
September 30, 2024**

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# International Equity Pool

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## Statement of Net Position - Unaudited September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Equity investments	\$ 2,998,307
Money market mutual fund	68,646
Securities lending collateral	42,042
Cash (restricted: \$5,837)	22,075
Receivables:	
Dividends and other investment income	21,655
Investments sold	69,106
	<hr/>
<b>Total assets</b>	<b>3,221,831</b>

### Liabilities

Accrued capital gains taxes	10,939
Accrued expenses	4,280
Payable for investments purchased	14,439
Payable upon return of securities loaned	42,042
	<hr/>
<b>Total liabilities</b>	<b>71,700</b>
	<hr/>
<b>Net position</b>	<b>\$ 3,150,131</b>

### Unit data

Units outstanding	66,691,402
Net position, unit price	\$ 47.23

See accompanying notes to financial statements.

# International Equity Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 76,233	\$ 172,451
Dividends	9,177	24,702
Securities lending income	245	609
<b>Total investment income</b>	85,655	197,762
<b>Expenses</b>		
Investment advisor fees	(1,292)	(3,887)
Custodian bank fees	(127)	(355)
Management and other allocated fees	(76)	(235)
Securities lending expenses	(216)	(522)
<b>Total expenses</b>	(1,711)	(4,999)
<b>Net investment income</b>	83,944	192,763
<b>Unit transactions</b>		
Proceeds from sale of units	-	29,322
Amount paid for repurchase of units	(142,803)	(175,992)
<b>Net decrease from unit transactions</b>	(142,803)	(146,670)
<b>Increase (decrease) in net position</b>	(58,859)	46,093
<b>Net position, beginning of period</b>	3,208,990	3,104,038
<b>Net position, end of period</b>	\$ 3,150,131	\$ 3,150,131

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

# International Equity Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the MSCI All Country World Index Ex U.S. (MSCI ACWI ex U.S.) over a full market cycle (three- to five-years), net of external investment management fees. Assets are managed by Acadian Asset Management, Axiom International Investors, LSV Asset Management, Numeric Investors, and Oberweis Asset Management.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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 and other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period end spot market exchange rates as supplied by the Pool's custodian.

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

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

# International Equity Pool

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## Notes to Financial Statements (Amounts in thousands)

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

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

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

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

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

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

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

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

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

# International Equity Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

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

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

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

**Income Taxes** - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for U.S. federal or state income taxes is required as of September 30, 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 in the 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 September 30, 2024:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,973,731	\$ -	\$ -	\$ 2,973,731
Money market mutual fund	68,646	-	-	68,646
Preferred stock	24,568	-	-	24,568
Rights	8	-	-	8
Securities lending collateral	-	42,042	-	42,042
Total	<u>\$ 3,066,953</u>	<u>\$ 42,042</u>	<u>\$ -</u>	<u>\$ 3,108,995</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at September 30, 2024:

	Fair Value
Securities on loan	\$ 101,596
Collateral received:	
Cash	\$ 42,042
Non-cash	65,873
Total collateral received	<u>\$ 107,915</u>

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

# International Equity Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,271,362
Public Employees' Retirement System	1,158,636
West Virginia Retiree Health Benefit Trust Fund	247,825
State Police Death, Disability and Retirement Fund	103,979
Workers' Compensation Old Fund	56,190
State Police Retirement System	46,730
Deputy Sheriff's Retirement System	44,939
Judges' Retirement System	39,161
Municipal Policemen's or Firemen's Pension and Relief Funds	31,771
Revenue Shortfall Reserve Fund - Part B	26,663
West Virginia Department of Environmental Protection Agency	24,869
Emergency Medical Services Retirement System	18,258
Revenue Shortfall Reserve Fund	16,494
Coal Workers' Pneumoconiosis Fund	13,411
Wildlife Endowment Fund	9,432
Public Employees Insurance Agency	8,066
Board of Risk and Insurance Management	6,238
West Virginia State Parks and Recreation Endowment Fund	6,149
Municipal Police Officers' and Firefighters' Retirement System	5,992
Natural Resources Police Officer Retirement System	4,121
Workers' Compensation Self-Insured Employer Security Risk Pool	3,421
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,747
West Virginia Department of Environmental Protection Trust	1,521
Workers' Compensation Uninsured Employers' Fund	1,287
Berkeley County Development Authority	869
Total	<u>\$ 3,150,131</u>

**Financial Statements - Unaudited**

**September 30, 2024**



# Short-Term Fixed Income Pool

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**Financial Statements - Unaudited  
September 30, 2024**

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# Short-Term Fixed Income Pool

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## Statement of Net Position - Unaudited

September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at amortized cost:

U.S. Government agency bonds	\$	122,364
U.S. Treasury issues		24,953
Repurchase agreement		27,332
Interest receivable		4

**Total assets** 174,653

### Liabilities

Accrued expenses		32
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**Net position** \$ 174,621

### Unit data

Units outstanding		174,620,907
Net position, unit price	\$	1.00

See accompanying notes to financial statements.

## Short-Term Fixed Income Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Interest	\$ 796	\$ 3,220
<b>Expenses</b>		
Investment advisor fees	(7)	(30)
Custodian bank fees	(1)	(2)
<b>Total expenses</b>	(8)	(32)
<b>Net investment income</b>	788	3,188
<b>Distributions to unitholders</b>	(788)	(3,188)
<b>Unit transactions</b>		
Proceeds from sale of units	89,459	281,504
Reinvestment of distributions	788	3,188
Amount paid for repurchase of units	(113,900)	(373,544)
<b>Net decrease from unit transactions</b>	(23,653)	(88,852)
<b>Decrease in net position</b>	(23,653)	(88,852)
<b>Net position, beginning of period</b>	198,274	263,473
<b>Net position, end of period</b>	\$ 174,621	\$ 174,621

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

# Short-Term Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Investment Valuation** - The WVIMB reports its investments at amortized cost provided such amounts approximate fair value in accordance with GASB Statements No. 72 and No. 79. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value regardless of any current disparity between the amortized cost value and market value as such securities 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.

**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 September 30, 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 September 30, 2024:

Assets	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 27,332	\$ -	\$ 27,332
U.S. Government agency bonds	-	122,364	-	122,364
U.S. Treasury issues	-	24,953	-	24,953
Total	\$ -	\$ 174,649	\$ -	\$ 174,649

# Short-Term Fixed Income Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 4. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 64,029
Workers' Compensation Old Fund	34,782
Public Employees' Retirement System	29,407
Teachers' Retirement System	16,605
Coal Workers' Pneumoconiosis Fund	8,798
Board of Risk and Insurance Management	4,653
Deputy Sheriff's Retirement System	2,412
Workers' Compensation Self-Insured Employer Security Risk Pool	2,392
State Police Retirement System	2,162
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,023
Municipal Police Officers' and Firefighters' Retirement System	1,535
Emergency Medical Services Retirement System	1,460
State Police Death, Disability and Retirement Fund	1,024
Workers' Compensation Uninsured Employers' Fund	984
West Virginia State Parks and Recreation Endowment Fund	653
Municipal Policemen's or Firemen's Pension and Relief Funds	643
Judges' Retirement System	480
Natural Resources Police Officer Retirement System	415
Wildlife Endowment Fund	137
Revenue Shortfall Reserve Fund - Part B	21
West Virginia Retiree Health Benefit Trust Fund	4
Public Employees Insurance Agency	1
West Virginia Department of Environmental Protection Agency	1
Total	<u>\$ 174,621</u>

**Financial Statements - Unaudited**

**September 30, 2024**



# Total Return Fixed Income Pool

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## Financial Statements - Unaudited September 30, 2024

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# Total Return Fixed Income Pool

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## Statement of Net Position - Unaudited

September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Fixed income investments	\$ 2,801,263
Derivative instruments	24,707
Equity investments	12,917
Money market mutual fund	30,879
Securities lending collateral	71,664
Cash (restricted: \$710)	13,697
Cash due from broker, net	1,236
Receivables:	
Interest, dividends, and other investment income	24,195
Investments sold	5,269
	<hr/>
<b>Total assets</b>	<b>2,985,827</b>

### Liabilities

Investments in derivative instruments at fair value	23,636
Securities sold short at fair value	4,154
Accrued expenses	1,596
Payable for investments purchased	146,637
Payable upon return of securities loaned	71,664
	<hr/>
<b>Total liabilities</b>	<b>247,687</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,738,140</b>

### Unit data

Units outstanding	153,083,590
Net position, unit price	<u><u>\$ 17.89</u></u>

See accompanying notes to financial statements.

## Total Return Fixed Income Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 33,451	\$ 103,666
Interest and dividends	10,349	31,148
Securities lending income	336	928
<b>Total investment income</b>	44,136	135,742
<b>Expenses</b>		
Investment advisor fees	(491)	(1,438)
Custodian bank fees	(11)	(38)
Management and other allocated fees	(67)	(199)
Securities lending expenses	(312)	(846)
<b>Total expenses</b>	(881)	(2,521)
<b>Net investment income</b>	43,255	133,221
<b>Unit transactions</b>		
Proceeds from sale of units	16,789	80,967
Amount paid for repurchase of units	(2,210)	(3,414)
<b>Net increase from unit transactions</b>	14,579	77,553
<b>Increase in net position</b>	57,834	210,774
<b>Net position, beginning of period</b>	2,680,306	2,527,366
<b>Net position, end of period</b>	\$ 2,738,140	\$ 2,738,140

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

# Total Return Fixed Income Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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

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## Notes to Financial Statements

(Amounts in thousands)

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

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

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

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

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

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

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

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

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

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

When writing put options, there is risk that a loss may be incurred if the market price of the underlying instrument decreases and the option is exercised. This loss is determined by market conditions and cannot be specifically limited. The risk associated with writing call options is the loss of potential profit if the market price of the security increases and the option is exercised.

# Total Return Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

Purchased put or call options bear the risk of loss of the premium paid if market conditions are not favorable to exercise the option. There may also be risk that the value of the option contract does not correlate perfectly with movements of the underlying instrument due to certain market distortions.

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

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

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

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

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

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

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

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

# Total Return Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

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

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

**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 September 30, 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 INSTRUMENTS

Derivative instruments held in the Pool include foreign currency forward contracts, futures, options, credit default swaps, interest rate swaps, and total return swaps. None of these derivative 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 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 of derivative instruments as of and for the period ended September 30, 2024:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments
Forwards:		
Foreign currency forward contracts	\$ (550)	\$ (1,977)
Futures contracts:		
Fixed income futures long	1,938	28,695
Fixed income futures short	1,123	(19,013)
Options contracts:		
Fixed income options purchased	492	954
Fixed income options written	(2,982)	(154)
Interest rate swaptions purchased	-	(137)
Interest rate swaptions written	-	137
Swaps:		
Credit default swaps protection buyer	(11)	(11)
Credit default swaps protection seller	8,609	913
Interest rate swaps	(8,036)	(7,256)
Total return swaps	488	782
Total	\$ 1,071	\$ 2,933

## Total Return Fixed Income Pool

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

#### NOTE 3. DERIVATIVE 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 a 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 September 30, 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	\$ 254	\$ (206)	\$ -	\$ (40)	\$ 8
Swaps	501	(13)	(403)	-	85
Total	<u>\$ 755</u>	<u>\$ (219)</u>	<u>\$ (403)</u>	<u>\$ (40)</u>	<u>\$ 93</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 instruments that are subject to counterparty credit risk as of September 30, 2024:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 748
Foreign currency forward contracts	BBB	393
Credit default swaps protection seller	A	9

##### Interest Rate Risk

The following table provides the time to maturity for derivative instruments that are subject to interest rate risk as of September 30, 2024:

Derivative Type	Investment Maturities (in years)				
	Fair Value	Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ 1,938	\$ 1,352	\$ 586	\$ -	\$ -
Fixed income futures short	1,123	1,123	-	-	-
Options contracts:					
Fixed income options purchased	492	492	-	-	-
Fixed income options written	(2,982)	(2,982)	-	-	-
Interest rate swaps	(8,036)	-	(1,046)	(4,644)	(2,346)
Total	<u>\$ (7,465)</u>	<u>\$ (15)</u>	<u>\$ (460)</u>	<u>\$ (4,644)</u>	<u>\$ (2,346)</u>

## Total Return Fixed Income Pool

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

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

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

At September 30, 2024, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
3/18/2030	Receive Fixed 3.65%, Pay Floating SOFR	\$ 261,363	\$ 5,916
2/15/2048	Receive Floating SOFR, Pay Fixed 3.05%	30,339	1,698
5/15/2048	Receive Floating SOFR, Pay Fixed 3.15%	5,381	213
5/15/2032	Receive Floating SOFR, Pay Fixed 3.22%	59,282	296
3/18/2055	Receive Floating SOFR, Pay Fixed 3.51%	65,449	(2,966)
4/30/2031	Receive Floating SOFR, Pay Fixed 4.20%	198,798	(10,856)
		<u>\$ 620,612</u>	<u>\$ (5,699)</u>

At September 30, 2024, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (USD)	Fair Value
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	\$ 20,393	\$ (918)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	19,591	(873)
4/16/2029	Receive Fixed 9.49%, Pay Floating MXN TIE	21,120	745
10/27/2053	Receive Floating JPY TONAR, Pay Fixed 1.75%	31,941	(1,291)
		<u>\$ 93,045</u>	<u>\$ (2,337)</u>

#### Reference Rate Index Definitions:

SOFR: Secured Overnight Financing Rate

MXN TIE: Mexican Interbank Deposit Rate

JPY TONAR: Bank of Japan Unsecured Overnight Call Rate

#### **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 instruments in foreign currencies as of September 30, 2024, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ (54)	\$ (173)	\$ -	\$ (227)
Brazilian Real	(362)	-	-	(362)
British Pound	(78)	(43)	-	(121)
Canadian Dollar	(11)	-	-	(11)
Euro Currency Unit	(513)	(95)	(3)	(611)
Japanese Yen	(103)	(87)	(1,291)	(1,481)
Mexican Peso	747	-	(1,046)	(299)
South African Rand	(176)	-	-	(176)
Total foreign denominated derivatives	<u>(550)</u>	<u>(398)</u>	<u>(2,340)</u>	<u>(3,288)</u>
U.S. Dollar	-	3,459	3,390	6,849
Total	<u>\$ (550)</u>	<u>\$ 3,061</u>	<u>\$ 1,050</u>	<u>\$ 3,561</u>

# Total Return Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 Unobservable pricing inputs for assets and liabilities.

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

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at September 30, 2024. The Pool's investments in commingled debt funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy.



## Total Return Fixed Income Pool

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

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

Assets	Level 1	Level 2	Level 3	Total
Bank loans	\$ -	\$ -	\$ 3,120	\$ 3,120
Corporate ABS residual	-	1,025	-	1,025
Corporate ABS	-	88,853	-	88,853
Corporate CMO	-	85,140	-	85,140
Corporate preferred securities	11,617	-	-	11,617
Foreign ABS	-	112,792	1,135	113,927
Foreign corporate bonds	-	283,138	-	283,138
Foreign currency forward contracts	-	1,141	-	1,141
Foreign equity investments	275	-	-	275
Foreign government bonds	-	245,556	1,023	246,579
Futures contracts	4,546	-	-	4,546
Money market mutual fund	30,879	-	-	30,879
Municipal bonds	-	12,509	-	12,509
Options contracts purchased	492	-	-	492
Repurchase agreement	-	27,000	-	27,000
Securities lending collateral	-	71,664	-	71,664
Swaps	-	18,528	-	18,528
U.S. corporate bonds	-	322,817	-	322,817
U.S. Government agency CMO	-	99,099	-	99,099
U.S. Government agency CMO IO	-	10,752	-	10,752
U.S. Government agency MBS	-	602,329	-	602,329
U.S. Government agency TBAs	-	140,040	-	140,040
U.S. Treasury issues	-	545,224	-	545,224
U.S. Treasury inflation protected securities	-	40,854	-	40,854
Total	<u>\$ 47,809</u>	<u>\$ 2,708,461</u>	<u>\$ 5,278</u>	<u>\$ 2,761,548</u>
Commingled debt funds				179,882
Total				<u>\$ 2,941,430</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (1,691)	\$ -	\$ (1,691)
Futures contracts	(1,485)	-	-	(1,485)
Options contracts written	(2,982)	-	-	(2,982)
Securities sold short	-	(4,154)	-	(4,154)
Swaps	-	(17,478)	-	(17,478)
Total	<u>\$ (4,467)</u>	<u>\$ (23,323)</u>	<u>\$ -</u>	<u>\$ (27,790)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of September 30, 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 September 30, 2024:

	Fair Value
Securities on loan	\$ 200,517
Collateral received:	
Cash	\$ 71,664
Non-cash	134,769
Total collateral received	\$ 206,433

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 September 30, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 816,314
Public Employees' Retirement System	741,457
Workers' Compensation Old Fund	209,820
Revenue Shortfall Reserve Fund - Part B	203,942
Revenue Shortfall Reserve Fund	179,161
West Virginia Retiree Health Benefit Trust Fund	165,136
West Virginia Department of Environmental Protection Agency	75,931
State Police Death, Disability and Retirement Fund	65,868
Coal Workers' Pneumoconiosis Fund	50,689
Public Employees Insurance Agency	42,705
State Police Retirement System	30,564
Deputy Sheriff's Retirement System	28,936
Judges' Retirement System	25,536
Board of Risk and Insurance Management	23,163
Municipal Policemen's or Firemen's Pension and Relief Funds	20,997
Workers' Compensation Self-Insured Employer Security Risk Pool	12,843
Emergency Medical Services Retirement System	11,749
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	10,250
Wildlife Endowment Fund	6,275
Workers' Compensation Uninsured Employers' Fund	4,770
West Virginia State Parks and Recreation Endowment Fund	4,091
Municipal Police Officers' and Firefighters' Retirement System	3,850
Natural Resources Police Officer Retirement System	2,599
West Virginia Department of Environmental Protection Trust	916
Berkeley County Development Authority	578
Total	\$ 2,738,140



**Financial Statements - Unaudited**

**September 30, 2024**



# Core Fixed Income Pool

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## Financial Statements - Unaudited September 30, 2024

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Statement of Net Position	1
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# Core Fixed Income Pool

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## Statement of Net Position - Unaudited September 30, 2024

(Amounts in thousands, except unit data)

### Assets

Investments, at fair value:	
Fixed income investments	\$ 2,257,052
Money market mutual fund	9,195
Securities lending collateral	104,401
Receivables:	
Interest, dividends, and other investment income	13,938
Investments sold	126
	<hr/>
<b>Total assets</b>	<b>2,384,712</b>

### Liabilities

Cash overdraft	4
Accrued expenses	932
Payable for investments purchased	2,822
Payable upon return of securities loaned	104,401
	<hr/>
<b>Total liabilities</b>	<b>108,159</b>
	<hr/>
<b>Net position</b>	<b>\$ 2,276,553</b>

### Unit data

Units outstanding	179,527,329
Net position, unit price	\$ 12.68

See accompanying notes to financial statements.

## Core Fixed Income Pool

**Statement of Change in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 23,853	\$ 90,154
Interest and dividends	7,443	22,698
Securities lending income	477	1,360
<b>Total investment income</b>	31,773	114,212
<b>Expenses</b>		
Investment advisor fees	(278)	(811)
Custodian bank fees	(5)	(13)
Management and other allocated fees	(56)	(166)
Securities lending expenses	(449)	(1,281)
<b>Total expenses</b>	(788)	(2,271)
<b>Net investment income</b>	30,985	111,941
<b>Unit transactions</b>		
Proceeds from sale of units	14,186	81,299
Amount paid for repurchase of units	(2,128)	(2,399)
<b>Net increase from unit transactions</b>	12,058	78,900
<b>Increase in net position</b>	43,043	190,841
<b>Net position, beginning of period</b>	2,233,510	2,085,712
<b>Net position, end of period</b>	\$ 2,276,553	\$ 2,276,553

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

# Core Fixed Income Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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 by one of the above listed processes are valued at fair value as determined in accordance with the WVIMB's established procedures.



# Core Fixed Income Pool

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## Notes to Financial Statements

(Amounts in thousands)

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

**Securities Lending** - The WVIMB, through its lending agent, Northern Trust (NT), loans securities of the Pool to various brokers on a temporary basis. Each transaction for international and domestic securities is secured by collateral based on the market value of the securities loaned. 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 September 30, 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 September 30, 2024:

Assets	Level 1	Level 2	Level 3	Total
Corporate ABS	\$ -	\$ 255,633	\$ -	\$ 255,633
Corporate CMO	-	100,327	-	100,327
Corporate CMO IO	-	104	-	104
Corporate CMO PO	-	5,482	-	5,482
Foreign ABS	-	2,363	-	2,363
Foreign corporate bonds	-	183,651	-	183,651
Foreign government bonds	-	6,063	-	6,063
Money market mutual fund	9,195	-	-	9,195
Municipal bonds	-	8,837	-	8,837
Securities lending collateral	-	104,401	-	104,401
U.S. corporate bonds	-	425,257	-	425,257
U.S. Government agency CMO	-	131,319	-	131,319
U.S. Government agency CMO IO	-	1,232	-	1,232
U.S. Government agency CMO PO	-	1,718	-	1,718
U.S. Government agency MBS	-	539,722	-	539,722
U.S. Treasury issues	-	595,344	-	595,344
Total	<u>\$ 9,195</u>	<u>\$ 2,361,453</u>	<u>\$ -</u>	<u>\$ 2,370,648</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 September 30, 2024:

	Fair Value
Securities on loan	\$ 224,370
Collateral received:	
Cash	\$ 104,401
Non-cash	126,493
Total collateral received	\$ 230,894

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 September 30, 2024:

Participant	Account Value
Teachers' Retirement System	\$ 817,030
Public Employees' Retirement System	744,770
West Virginia Retiree Health Benefit Trust Fund	165,040
Workers' Compensation Old Fund	89,648
Revenue Shortfall Reserve Fund - Part B	87,128
Revenue Shortfall Reserve Fund	76,504
State Police Death, Disability and Retirement Fund	66,100
West Virginia Department of Environmental Protection Agency	32,458
State Police Retirement System	30,547
Deputy Sheriff's Retirement System	28,937
Judges' Retirement System	25,643
Coal Workers' Pneumoconiosis Fund	21,651
Municipal Policemen's or Firemen's Pension and Relief Funds	20,987
Public Employees Insurance Agency	18,251
Emergency Medical Services Retirement System	11,736
Board of Risk and Insurance Management	9,898
Wildlife Endowment Fund	6,283
Workers' Compensation Self-Insured Employer Security Risk Pool	5,487
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,380
West Virginia State Parks and Recreation Endowment Fund	4,095
Municipal Police Officers' and Firefighters' Retirement System	3,844
Natural Resources Police Officer Retirement System	2,604
Workers' Compensation Uninsured Employers' Fund	2,039
West Virginia Department of Environmental Protection Trust	915
Berkeley County Development Authority	578
Total	\$ 2,276,553



**Financial Statements - Unaudited**

**September 30, 2024**



# TIPS Pool

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## Financial Statements - Unaudited September 30, 2024

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# TIPS Pool

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**Statement of Net Position - Unaudited**  
**September 30, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
U.S. Treasury inflation protected securities	\$ 529,730
Money market mutual fund	111
Receivables:	
Interest, dividends, and other investment income	1,667
Investments sold	<u>8,015</u>
<b>Total assets</b>	<b>539,523</b>

**Liabilities**

Accrued expenses	43
Payable for investments purchased	<u>8,009</u>
<b>Total liabilities</b>	<b><u>8,052</u></b>
<b>Net position</b>	<b><u>\$ 531,471</u></b>

**Unit data**

Units outstanding	38,142,532
Net position, unit price	<u>\$ 13.93</u>

*See accompanying notes to financial statements.*



# TIPS Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 6,178	\$ 16,515
Interest and dividend income	402	1,259
Securities lending income	6	17
<b>Total investment income</b>	6,586	17,791
<b>Expenses</b>		
Investment advisor fees	(5)	(16)
Custodian bank fees	-	(1)
Management and other allocated fees	(14)	(40)
Securities lending expenses	(1)	(4)
<b>Total expenses</b>	(20)	(61)
<b>Net investment income</b>	6,566	17,730
<b>Unit transactions</b>		
Proceeds from sale of units	14	702
Amount paid for repurchase of units	-	(654)
<b>Net increase from unit transactions</b>	14	48
<b>Increase in net position</b>	6,580	17,778
<b>Net position, beginning of period</b>	524,891	513,693
<b>Net position, end of period</b>	\$ 531,471	\$ 531,471

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

# TIPS Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool was established to offer an additional level of diversification over and above nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg 1-10 Year Treasury Inflation Protected Securities (TIPS) Index on an annualized basis over rolling three- to five-year periods, gross of fees. Assets are managed by Northern Trust Investments.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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 U.S. securities is secured by collateral based on the market value of the securities loaned. The required percentage of cash collateral and non-cash collateral consisting of debt obligations and securities issued by the United States Government or its agencies or instrumentalities is at least 102 percent of the market value of the securities loaned plus accrued income.

# TIPS Pool

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## Notes to Financial Statements

*(Amounts in thousands)*

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

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

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

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

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

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

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

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

**Income Taxes** - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from U.S. federal and state taxation. Accordingly, no provision for income taxes is required as of September 30, 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 September 30, 2024:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market mutual fund	\$ 111	\$ -	\$ -	\$ 111
U.S. TIPS	-	529,730	-	529,730
Total	<u>\$ 111</u>	<u>\$ 529,730</u>	<u>\$ -</u>	<u>\$ 529,841</u>

### NOTE 4. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at September 30, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 85,975
Collateral received:	
Cash	\$ -
Non-cash	88,104
Total collateral received	<u>\$ 88,104</u>

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

# TIPS Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 251,783
Revenue Shortfall Reserve Fund - Part B	128,720
Workers' Compensation Old Fund	86,414
Public Employees Insurance Agency	23,002
Coal Workers' Pneumoconiosis Fund	20,863
Board of Risk and Insurance Management	9,356
Workers' Compensation Self-Insured Employer Security Risk Pool	5,243
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,159
Workers' Compensation Uninsured Employers' Fund	1,931
Total	<u>\$ 531,471</u>



**Financial Statements - Unaudited**

**September 30, 2024**





# Private Markets Pool

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## Financial Statements - Unaudited September 30, 2024

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# Private Markets Pool

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**Statement of Net Position - Unaudited**  
**September 30, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
Alternative investments	\$ 5,924,092
Equity investments	227,497
Fixed income investments	15,550
Money market mutual fund	93,001
Securities lending collateral	25,461
Cash	144
Receivables:	
Income distributions from real estate limited partnerships and funds	2,500
Interest, dividends, and other investment income	1,786
Investments sold	30
	<hr/>
<b>Total assets</b>	<b>6,290,061</b>

**Liabilities**

Accrued expenses	849
Payable upon return of securities loaned	25,461
	<hr/>
<b>Total liabilities</b>	<b>26,310</b>
	<hr/>
<b>Net position</b>	<b>\$ 6,263,751</b>

**Unit data**

Units outstanding	202,693,997
Net position, unit price	\$ 30.90

*See accompanying notes to financial statements.*

## Private Markets Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 16	\$ 3,678
Income from partnerships and funds	3,596	23,670
Interest and dividends	1,904	4,139
Fund closing interest	97	338
Securities lending income	94	275
<b>Total investment income</b>	5,707	32,100
<b>Expenses</b>		
Investment advisor fees	(86)	(249)
Custodian bank fees	(3)	(9)
Management and other allocated fees	(156)	(475)
Professional service fees - direct	(134)	(404)
Management fees - external, net	(180)	(106)
Fund closing costs	-	(425)
Securities lending expenses	(82)	(242)
<b>Total expenses</b>	(641)	(1,910)
<b>Net investment income</b>	5,066	30,190
<b>Unit transactions</b>		
Proceeds from sale of units	891	13,022
Amount paid for repurchase of units	(19,616)	(66,708)
<b>Net decrease from unit transactions</b>	(18,725)	(53,686)
<b>Decrease in net position</b>	(13,659)	(23,496)
<b>Net position, beginning of period</b>	6,277,410	6,287,247
<b>Net position, end of period</b>	\$ 6,263,751	\$ 6,263,751

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

# Private Markets Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The objective of the Pool is to 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 investments 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 September 30, 2024.
- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period end spot market exchange rates as supplied by the Pool's custodian.

# Private Markets Pool

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## Notes to Financial Statements (Amounts in thousands)

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

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

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

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

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

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

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

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

# Private Markets Pool

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## Notes to Financial Statements (Amounts in thousands)

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

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

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

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

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

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

**Expenses** - The WVIMB's Trustees adopt an annual budget and fee schedule for services to be provided to all of the investment pools under its management. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Direct investment-related costs include fees charged by external managers, reported net of rebates, 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 September 30, 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 September 30, 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	\$ 42,690	\$ -	\$ -	\$ 42,690
Money market mutual fund	93,001	-	-	93,001
Rights	4	-	-	4
Securities lending collateral	-	25,461	-	25,461
U.S. common stock	173,817	-	-	173,817
U.S. corporate bonds	-	15,550	-	15,550
U.S. preferred stock	10,986	-	-	10,986
Total	<u>\$ 320,498</u>	<u>\$ 41,011</u>	<u>\$ -</u>	<u>\$ 361,509</u>
Private credit & income funds				1,057,040
Private equity partnerships				2,630,921
Real estate limited partnerships and funds				2,236,131
Total				<u>\$ 6,285,601</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 September 30, 2024:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Core Debt (b)	\$ 590,382	\$ 130,424	2029 to 2031	Quarterly	45 days
Opportunistic Debt (c)	196,149	170,723	2026 to 2031	N/A	N/A
Specialty Credit (d)	270,509	171,950	2025 to 2032	N/A	N/A
Private equity partnerships:					
Corporate Finance - Buyout (e)	1,779,658	529,934	2025 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (f)	25,270	16,263	2025	N/A	N/A
Corporate Finance - Growth Equity (g)	155,764	90,559	2025 to 2034	N/A	N/A
Corporate Finance - Hard Assets (h)	120,866	45,349	2024 to 2033	N/A	N/A
Corporate Finance - Mezzanine (i)	2,055	480	N/A	N/A	N/A
Corporate Finance - Structured Capital (j)	68,448	45,802	2024 to 2032	N/A	N/A
Corporate Finance - Turnaround (k)	110,280	90,574	2024 to 2036	N/A	N/A
Venture Capital (l)	368,580	42,968	2025 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (m)	1,169,500	-	N/A	Quarterly	45-90 days
Opportunistic (n)	375,354	226,138	2024 to 2034	N/A	N/A
Value (o)	691,277	466,791	2024 to 2068	N/A	N/A
Total	<u>\$ 5,924,092</u>	<u>\$ 2,027,955</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 September 30, 2024:

	<u>Fair Value</u>
Securities on loan	\$ 53,659
Collateral received:	
Cash	\$ 25,461
Non-cash	<u>29,744</u>
Total collateral received	<u>\$ 55,205</u>

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

# Private Markets Pool

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## Notes to Financial Statements (Amounts in thousands)

### NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,600,089
Public Employees' Retirement System	2,366,521
West Virginia Retiree Health Benefit Trust Fund	509,231
State Police Death, Disability and Retirement Fund	212,699
State Police Retirement System	95,847
Deputy Sheriff's Retirement System	92,064
Judges' Retirement System	80,075
Workers' Compensation Old Fund	71,765
Municipal Policemen's or Firemen's Pension and Relief Funds	64,092
Emergency Medical Services Retirement System	37,402
Revenue Shortfall Reserve Fund - Part B	24,262
Wildlife Endowment Fund	19,393
Coal Workers' Pneumoconiosis Fund	17,330
West Virginia State Parks and Recreation Endowment Fund	12,638
Municipal Police Officers' and Firefighters' Retirement System	12,263
West Virginia Department of Environmental Protection Agency	11,526
Natural Resources Police Officer Retirement System	8,435
Board of Risk and Insurance Management	7,925
Public Employees Insurance Agency	6,480
Workers' Compensation Self-Insured Employer Security Risk Pool	4,394
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,508
West Virginia Department of Environmental Protection Trust	2,397
Berkeley County Development Authority	1,782
Workers' Compensation Uninsured Employers' Fund	1,633
Total	<u>\$ 6,263,751</u>

**Financial Statements - Unaudited**

**September 30, 2024**



# Hedge Fund Pool

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## Financial Statements - Unaudited September 30, 2024

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# Hedge Fund Pool

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**Statement of Net Position - Unaudited**  
**September 30, 2024**  
*(Amounts in thousands, except unit data)*

**Assets**

Investments, at fair value:	
Hedge funds	\$ 2,869,650
Money market mutual fund	2,761
Receivables:	
Dividends	8
Investment funds redeemed	<u>725</u>
<b>Total assets</b>	<b>2,873,144</b>

**Liabilities**

Accrued expenses	<u>223</u>
<b>Net position</b>	<b><u>\$ 2,872,921</u></b>

**Unit data**

Units outstanding	127,189,173
Net position, unit price	<u><u>\$ 22.59</u></u>

*See accompanying notes to financial statements.*

## Hedge Fund Pool

**Statement of Changes in Net Position - Unaudited**  
**Period Ended September 30, 2024\***  
*(Amounts in thousands)*

	<b>Month</b>	<b>Year To Date</b>
<b>Investment income</b>		
Net increase in fair value of investments	\$ 55,606	\$ 76,278
Dividend income	8	151
<b>Total investment income</b>	55,614	76,429
<b>Expenses</b>		
Professional service fees - direct	(39)	(120)
Management and other allocated fees	(71)	(216)
<b>Total expenses</b>	(110)	(336)
<b>Net investment income</b>	55,504	76,093
<b>Unit transactions</b>		
Proceeds from sale of units	4,509	6,315
Amount paid for repurchase of units	(4,989)	(111,392)
<b>Net decrease from unit transactions</b>	(480)	(105,077)
<b>Increase (decrease) in net position</b>	55,024	(28,984)
<b>Net position, beginning of period</b>	2,817,897	2,901,905
<b>Net position, end of period</b>	\$ 2,872,921	\$ 2,872,921

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

# Hedge Fund Pool

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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1. DESCRIPTION OF THE ENTITY

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

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

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

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

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

The Pool was established to hold the WVIMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 Basis points. The secondary benchmark is the Financial Times Stock Exchange (FTSE) 3 Month U.S. T-Bill Index plus 500 basis points. Albourne America has been retained by the WVIMB to provide consulting services for this investment strategy.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value of the Pool's investments 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 September 30, 2024.



# Hedge Fund Pool

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## Notes to Financial Statements (Amounts in thousands)

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

- Open-end regulated investment companies 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.

**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 September 30, 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 September 30, 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	\$ 2,761	\$ -	\$ -	\$ 2,761
Hedge funds				2,869,650
Total				\$ 2,872,411

The following table presents information on investments measured at the NAV as of September 30, 2024:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 458,171	Monthly, Quarterly	5 to 65 days
Equity long/short (b)	542,923	Quarterly	45 to 90 days
Event-driven (c)	449,822	Quarterly, Annually	60 to 180 days
Long-biased (d)	100,130	Monthly	90 days
Multi-strategy (e)	292,959	Monthly, Quarterly	60 days
Relative-value (f)	1,000,056	Weekly, Quarterly	5 to 90 days
	\$ 2,844,061		
In liquidation (g)	25,589		
Total	\$ 2,869,650		

- (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 22 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 76 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. All investments in this strategy are 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. All 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 73 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 September 30, 2024:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,085,203
Public Employees' Retirement System	987,602
West Virginia Retiree Health Benefit Trust Fund	212,516
Workers' Compensation Old Fund	134,798
State Police Death, Disability and Retirement Fund	88,761
West Virginia Department of Environmental Protection Agency	57,722
State Police Retirement System	39,999
Deputy Sheriff's Retirement System	38,421
Judges' Retirement System	33,418
Coal Workers' Pneumoconiosis Fund	32,554
Public Employees Insurance Agency	32,457
Revenue Shortfall Reserve Fund - Part B	30,375
Municipal Policemen's or Firemen's Pension and Relief Funds	26,747
Emergency Medical Services Retirement System	15,609
Board of Risk and Insurance Management	14,884
Workers' Compensation Self-Insured Employer Security Risk Pool	8,252
Wildlife Endowment Fund	8,092
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,588
West Virginia State Parks and Recreation Endowment Fund	5,274
Municipal Police Officers' and Firefighters' Retirement System	5,117
Natural Resources Police Officer Retirement System	3,520
Workers' Compensation Uninsured Employers' Fund	3,067
West Virginia Department of Environmental Protection Trust	1,201
Berkeley County Development Authority	744
Total	<u>\$ 2,872,921</u>