WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

West Virginia Short Term Bond Pool

Portfolio Overview as of 10/31/2026

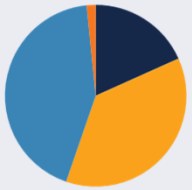
Pool Assets
$743 million

Credit Quality Composition (%)



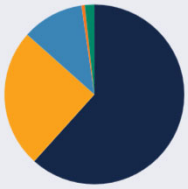
AAA	16.4%
AA	16.0%
A	30.9%
BBB	24.4%
Not Rated	12.2%

Maturity Schedule (%)



0 to 1 year	18.3%
1 to 2 years	37.0%
2 to 3 years	43.1%
3 to 4 years	1.6%
4 to 5 years	0.0%
> 5 years	0.0%

Portfolio Composition (%)



Corporate Debt	61.6%
ABS/MBS	24.9%
US Treasury	11.1%
Municipal Debt	0.6%
MM Funds/Cash	1.7%

Effective Duration
622 Days

Top Holdings (%)

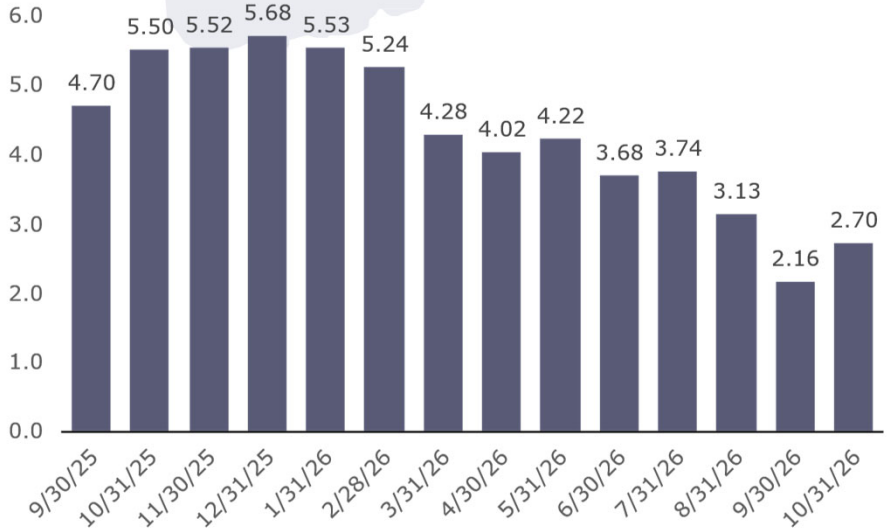
United States Treasury	11.1%
Benchmark Mortgage Trust	2.2%
Invesco Government & Agency	1.7%
Ares Strategic Income Fund	1.1%
T-Mobile US Trust	1.1%
RGA Global Funding	1.0%
Bank of America Corp	0.9%
PFS Financing Corp	0.9%
Avis Budget Rental Car Funding	0.9%
Athene Global Funding	0.9%
Total % of Portfolio	**21.8%**

The West Virginia Short Term Bond Pool was created to invest restricted moneys of participants which have a longer-term investment horizon. The objective of the portfolio is to earn an incremental return over the WV Money Market Pool with an objective of asset growth rather than current income. The risk factor is higher than the WV Money Market Pool and is managed through numerous maturity restrictions, diversification, guidelines, and credit limits.

Pool Features and Benefits:

- Professional management is provided by the West Virginia Board of Treasury investments' staff and professional investment advisor (Sterling Capital Management).
- Floating net asset value (NAV).
- Investment yields are competitive with other short duration fixed income pools.
- Easy access is provided through the State Treasurer's Office online system.
- Account can be opened for as little as $100 with no limit on the number of transactions.
- Contributions and withdrawals are allowed monthly.
- Income is distributed on a monthly basis.

Return Summary



To learn how to make the West Virginia Short Term Bond Pool work for your cash investing needs call: 304-340-1564 or visit: wvbti.org

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

An investment in the Pool is not insured or guaranteed by any government or government agency and it is possible to lose money by depositing money in the Pool.

Commentary

While most data released during October showed a healthy U.S. economy, growing concerns about the sustainability of the artificial intelligence (AI)-capital expenditure (capex) boom weighed on overall sentiment, while short term bond yields fell as the Fed paused following September's hike. The September jobs report, released October 2, showed nonfarm payrolls rose just 29,000, well below the roughly 84,000 expected, with July and August revised down a combined 60,000; the unemployment rate rose to 4.2% from 4.1%, and wage growth slowed to 3.0% year-over-year. September Consumer Price Index (CPI), released October 14, rose 0.6% month-over-month on energy costs tied to the Iran war, lifting the annual rate to 3.7% from 3.4%, while core CPI rose 0.3% and the annual core rate ticked up to 2.6% from 2.4%, above the 2.5% expected. The September Personal Consumption Expenditure (PCE) price index, released October 29, rose 0.5% on the month and 3.6% year-over-year. At the October 27-28 meeting, the Federal Reserve's Open Market Committee (FOMC) held the federal funds rate at 3.75-4.00% by a 10-2 vote, with Federal Reserve (Fed) Governor Lisa Cook and Cleveland Fed President Beth Hammack dissenting in favor of another 25-basis point (bps) hike. Fed Chair Kevin Warsh said financial conditions had tightened since September and indicated that the Fed expected incoming data to be released before the next FOMC meeting in December would provide the committee with the clarity needed to make a more informed decision on rates. Investors lowered their expectations for future rate hikes during the month, which pulled the two-year Treasury yield down 0.30%, from 4.89% to 4.59%.

Investment grade spreads drifted wider in October as heavy AI-related supply and worries around companies' ability to monetize the amount of debt being raised weakened risk appetite. The ICE BofA 1-3yr U.S. Corporate Index option-adjusted spread rose from 57bps on September 29 to 62bps on October 29, underperforming duration-matched Treasuries by 0.05%. Issuance set a new annual record on October 26, when U.S. investment grade sales reached $1.76T for the year, surpassing 2020's $1.75T with two full months to go. The five largest hyperscalers had issued more than $218B through early October, over double their full-year 2025 total. Microsoft sold $25B of bonds on October 29th, its first deal since 2017, while other names looked likely to follow suit in early November. The media, telecom and technology sectors underperformed the broader corporate index for the month as risk premia for sectors like capital goods, consumer goods, healthcare and utilities were largely stable.

Similar to corporate bonds, securitized spreads came under pressure from heavy supply and lower risk appetite, particularly for bonds backed by data centers. In collateralized loan obligations (CLOs), Trepp data released October 14 showed September U.S. issuance of $41.1B, with refinancings overtaking resets as AAA spreads tightened, bringing year-to-date volume to $361.1B. Non-agency commercial mortgage-backed securities (CMBS) issuance remained strong, with private-label volume of $146.1B through October 16, up 19% from a year earlier. Agency mortgage-backed securities (agency MBS) rebounded from a poor September as long term interest rates and rate volatility declined. For the month, asset-backed securities (ABS) and CMBS performed in-line with short duration corporates at -0.05% excess returns, while agency MBS and CLOs modestly outperformed Treasuries.

The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information. Data is as of 10.31.2026 unless otherwise stated.

Sources: Bloomberg L.P. Fed = Federal Reserve. Yields are subject to market conditions and are therefore expected to fluctuate. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index. **The Consumer Price Index (CPI)** is a statistical metric used to measure the average change over time in the prices paid by urban households for a representative "market basket" of consumer goods and services. **Personal Consumption Expenditures (PCE)** is the official U.S. measure of household and nonprofit spending on goods and services, accounting for roughly two-thirds of U.S. **gross domestic product (GDP)**. Compiled monthly by the **U.S. Bureau of Economic Analysis (BEA)**, it tracks changes in consumer buying habits and forms the basis of the Federal Reserve's preferred inflation gauge. The **ICE BofA 1-3 Year US Corporate Index** tracks short-term, investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market with a remaining maturity of 1 to 3 years. An **asset-backed security (ABS)** is a financial investment that derives its value and income from a pool of underlying assets, such as loans or receivables. A **collateralized loan obligation (CLO)** is a financial instrument that repackages corporate loans into securities sold to investors, offering exposed opportunities for diversified returns. **Commercial mortgage-backed securities (CMBS)** are fixed-income investments backed by mortgages on commercial properties rather than residential real estate. **Agency mortgage-backed securities (MBS)** are fixed-income investments representing claims on pools of residential mortgages that are issued or guaranteed by a U.S. government agency or government-sponsored enterprise. A **hyperscaler** is a large-scale cloud service provider that operates massive global data center networks to deliver elastic computing, storage, and networking services. The **Federal Open Market Committee (FOMC)** is the 12-member group inside the Federal Reserve System that sets U.S. interest rates and national monetary policy. The **federal funds rate** is the target interest rate range set by the FOMC at which commercial banks and other depository institutions lend their excess reserve balances to each other overnight. **Trepp data** refers to the comprehensive commercial real estate (CRE), commercial mortgage-backed securities (CMBS), and structured finance information, analytics, and technology solutions provided by Trepp (a subsidiary of Fitch Solutions).