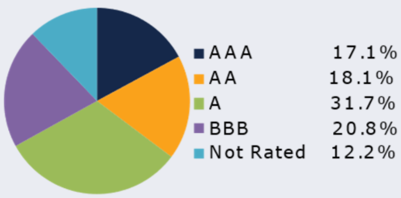
West Virginia Short Term Bond Pool

Portfolio Overview as of 02/28/2025

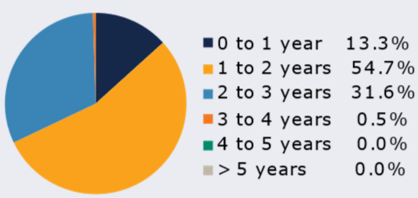
Pool Assets

$713 million

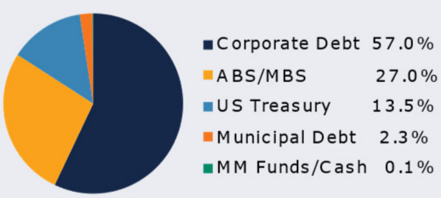
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Effective Duration

626 Days

Top Holdings (%)

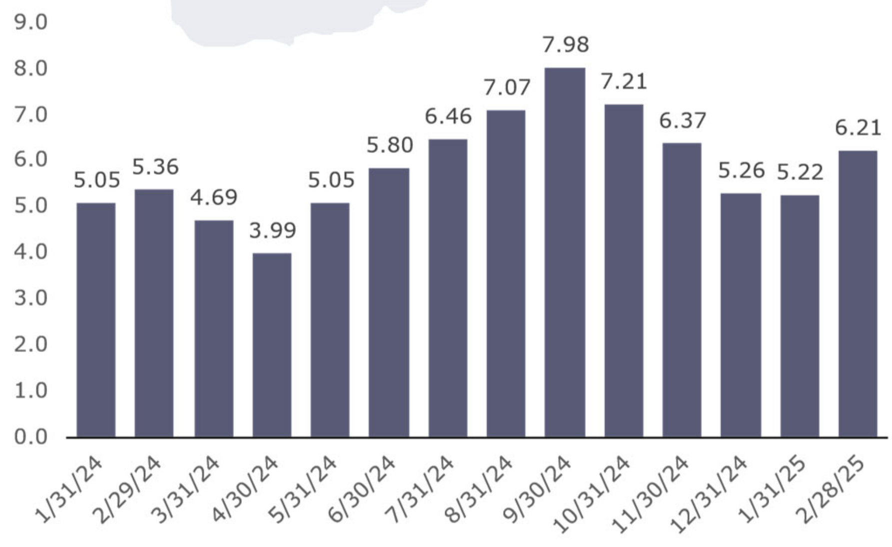
United States Treasury	13.5%
Toyota Auto Loan Extended	1.8%
Blackstone Private Credit Fund	1.4%
Discover Card Master Trust	1.3%
Wheels Fleet Lease Funding	1.2%
OneMain Direct Auto Receivable	1.1%
T-Mobile US Trust	1.1%
NXP Funding LLC	1.0%
PFS Financing Corp	1.0%
Bank of America Corp	1.0%
Total % of Portfolio	**24.4%**

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

As Donald Trump's second term as U.S. president entered its second month, rising investor uncertainty around the administration's trade policies and efforts to reduce the size of government weighed heavily on market pricing. Trump threatened to place 25% tariffs on all goods imported from Mexico and Canada, added a new 10% tariff on imports from China, and suggested that other trading partners may be subject to reciprocal tariffs in the coming months. Conflicting and rapidly changing messaging on trade policy from the administration appeared to drive a sense of confusion among investors, with the Baker, Bloom and Davis U.S. Economic Policy Uncertainty Index spiking to its highest levels since the global pandemic. Meanwhile, the new Department of Government Efficiency (DOGE), led by Elon Musk, made waves by cutting funding, cancelling government contracts, and laying off employees across a wide swath of the federal bureaucracy. While most concurrent economic data on inflation and employment largely took a backseat this month, there were few signs of a slowdown in the backward-looking data. However, consumer surveys seemed to paint a different picture, suggesting that conditions were worsening. The University of Michigan's measures of current consumer sentiment and future expectations both slipped substantially, while short-term inflation expectations spiked a full 1%, presumably due to tariff fears. All told, the rising negativity among investors pushed them towards the safety of U.S. Treasuries, as a full additional Federal Reserve rate cut was priced into short term markets. For the month, two-year Treasury yields fell 0.21% while three-year yields fell by 0.27%, flattening the yield curve.

Short duration corporate bonds performed quite well early on in February before the rising volatility in other markets and a heavy $164B in new issue supply finally became too much to bear. Beginning the month at 49 bps, the option-adjusted spread on the Bloomberg U.S. Corporate 1-3Y Index tightened to 46 bps in mid-February before selling off to close at 52 bps to basically break even with duration-matched Treasuries on an excess return basis. Sectors and industries that could suffer the most potential harm from Mexican and Canadian tariffs including domestic auto manufacturers, transportation companies, and retailers underperformed, while less cyclical sectors like utilities outperformed.

The largely domestic nature of most securitized products insulated these sectors somewhat from the noise around trade policy, but the overall downshift in investor sentiment began to weigh on performance for non-agency commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) in the back half of the month. Performance for the shorter duration portions of these products was quite similar to that of short duration corporate bonds in February, while agency mortgage-backed securities outperformed on the move lower in interest rates. Taxable municipals turned in a stronger performance thanks to their higher quality, lower-beta nature and relative safety from tariffs, outperforming Treasuries by 0.05%.

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. Data is as of 02.28.2025 unless otherwise stated. Source: Bloomberg L.P. Fed = Federal Reserve; bps = basis points. Yields are subject to market conditions and are therefore expected to fluctuate.