

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 19, 2025

OPERATING REPORT

MAY 2025

Board of Treasury Investments

315 70th Street, SE
Charleston WV
25304
(304) 340-1564
www.wvbf.com

Board of Directors

Larry Pack,
State Treasurer,
Chairman

Patrick Morrissey,
Governor

Mark A. Hunt,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

Mark A. Mangano,
Esq. Attorney
Appointed by the
Governor

Executive Staff

Executive Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP

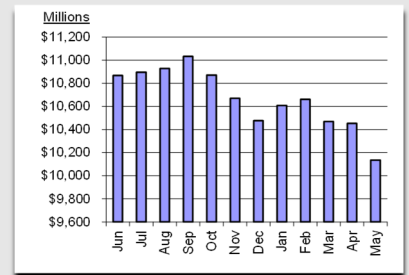
Chief Financial Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,135,493,000

Last Month
\$10,453,460,000

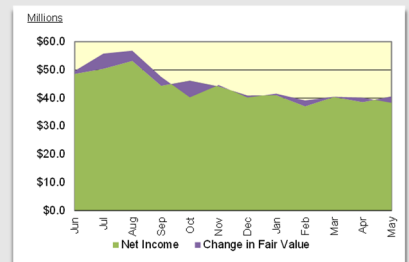
Beginning of Fiscal Year
\$10,866,862,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$484,636,000



Monthly Net Income & Changes in Fair Value for the Past 12 Months

Money Market Pools

As of May 31, 2025

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	4.4579%	39 Days	\$8.8 Billion
WV Gov't Money Market	4.3118%	25 Days	\$565.2 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

MAY 2025

Stay Focused on the Big Picture

The classic Wall Street adage of Sell in May and Go Away proved useless, as a rebound in equity returns offset mostly negative bond returns. The month was particularly notable given Moody's one-notch downgrade of the U.S. sovereign credit rating from Aaa (the highest possible) to Aa1, due to increased national debt projections and fiscal concerns. Moody's was the final major credit rating agency to downgrade U.S. debt from the highest possible rating, with S&P and Fitch downgrades occurring in 2011 and 2023 respectively.

Macroeconomics

U.S. GDP decreased at an annualized growth rate of -0.2% in the first quarter, driven by a surge in imports and a reduction in government spending. April's monthly CPI increase of 0.2% came in lower than expected as annual inflation slid to 2.3%, the lowest since February 2021. The Fed's preferred measure of inflation, core PCE increased by 0.1% in April with an annualized inflation rate at 2.1% and within the range of the Fed target of 2.0%. The ISM Manufacturing PMI survey results weakened modestly to 48.5 (below 50 indicates economic contraction) with sub-sectors such as inventories, imports and new export orders lower from the prior month. The health of the labor market remains resilient, as the economy added 177,000 new jobs in April with the unemployment rate 4.2%. The Conference Board Consumer Confidence Index survey indicators increased for the first time in five months, while their CEO Confidence survey had its steepest quarterly drop of 26% to 34 (below 50 reflects more negative than positive responses) since the survey began in 1976.

Equity Markets

US equities rebounded broadly with a 6.3% return, as the S&P 500 had its best performance in the month of May since 1990. On a sector basis for the month, Information Technology (+10.9%) and Communication Services (+9.6%) were the top contributors, while Health Care (-5.5%) was the lone negative contributor. On a year to date basis, the only negative portion of US markets is now only small capitalization stocks (S&P 600 index at -8.5%).

International equity markets, including both developed (EAFE +4.6%) and emerging regions (EM +3.1%), were positive and underperformed the U.S. Within developed markets, Europe (+4.8%) led the way on a regional basis with strong returns from Germany (+6.2%). Within emerging markets, Asia (+5.0%) outperformed with strong results from Korea (+13.1%) and Taiwan (+12.7%). For the month, Information Technology was the strongest performing sector abroad.

Fixed Income

The bond market continues to demonstrate macro concerns from the potential increasing fiscal deficits, produced by the proposed budget bill, and fears of inflation due to the unresolved tariff issues. Amidst this backdrop, fixed income returns were mixed, with U.S. Treasury yields rising (inversely prices fell, hence negative returns) across the curve with 2-year U.S. Treasury bonds rising 31 bps to 3.9% and 30-year Treasuries rising by 22 bps to 4.9%. There were pockets of positive returns in sectors where higher coupons offset price declines such as investment grade corporate credit and high yield sectors.

Looking Ahead

While the positive month in stocks and economic data provided a reason for optimism, another bout of market turbulence would not be surprising given continued geopolitical news and stretched valuations and the budget battles. Amid heightened volatility, we continue to advise clients to retain a disciplined approach by focusing on asset allocation, rebalancing as appropriate and maintaining sufficient reserves to pay benefits.

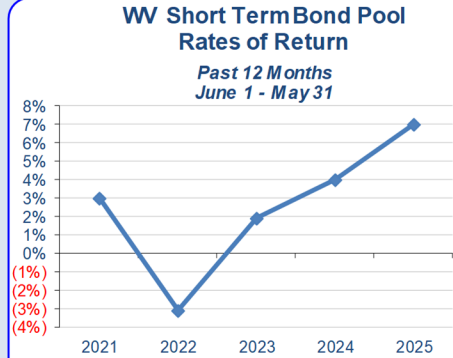
West Virginia Board of Treasury Investments

Financial Highlights as of May 31, 2025

WV Short Term Bond Pool

Rates of Return for the Past 12 Months *Net of All Fees*

June 1 - May 31	Return	Net Assets At May 31 <i>(In Millions)</i>
2025	6.3%	\$ 719.8
2024	5.0%	\$ 679.7
2023	1.2%	\$ 702.6
2022	(2.9%)	\$ 704.3
2021	2.3%	\$ 821.1

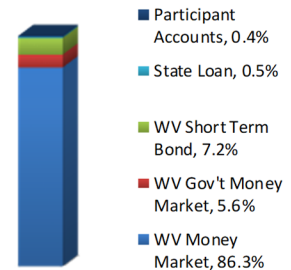


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

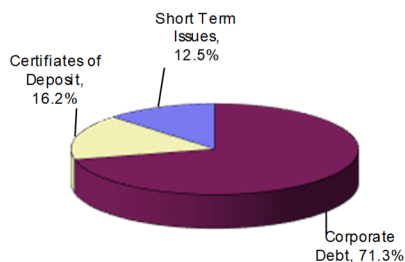
Pool	Net Asset Value	May Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 8,760,996	\$ 34,985	\$ 418,484
WV Gov't Money Market	565,154	2,372	24,319
WV Short Term Bond	719,818	616	38,966
Loans	47,917	136	1,248
Participant Accounts	41,608	147	1,619
	\$ 10,135,493	\$ 38,256	\$ 484,636

Percent of Total Net Asset Value

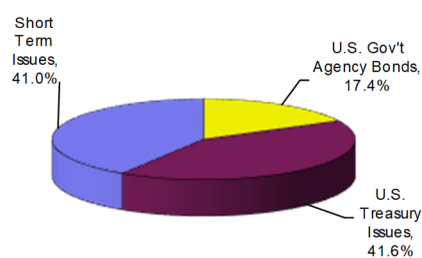


Securities by Type for Operating Pools *(Percentage of Asset Value)*

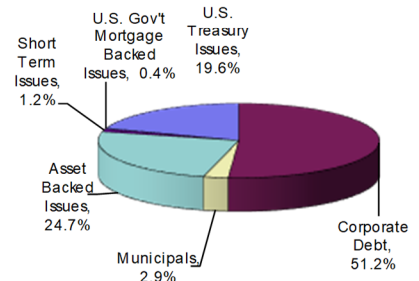
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MAY 31, 2025
(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets						
Investments:						
At amortized cost	\$ 8,771,011	\$ 564,432	\$ -	\$ 47,658	\$ 40,438	\$ 9,423,539
At fair value	-	-	720,158	-	1,026	721,184
Other assets	15,453	800	5,839	261	146	22,499
Total assets	<u>8,786,464</u>	<u>565,232</u>	<u>725,997</u>	<u>47,919</u>	<u>41,610</u>	<u>10,167,222</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased						
	25,468	78	6,179	2	2	31,729
Total liabilities	<u>25,468</u>	<u>78</u>	<u>6,179</u>	<u>2</u>	<u>2</u>	<u>31,729</u>
Net Position						
Held in trust for investment pool participants	8,760,996	565,154	719,818	-	-	10,045,968
Held in trust for individual investment account holders	-	-	-	47,917	41,608	89,525
Total net position	<u>\$ 8,760,996</u>	<u>\$ 565,154</u>	<u>\$ 719,818</u>	<u>\$ 47,917</u>	<u>\$ 41,608</u>	<u>\$ 10,135,493</u>
Additions						
Investment income:						
Interest and dividends	\$ 14,865	\$ 1,668	\$ 2,884	\$ 137	\$ 147	\$ 19,701
Net (amortization) accretion	20,477	730	105	-	-	21,312
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>35,342</u>	<u>2,398</u>	<u>2,989</u>	<u>137</u>	<u>147</u>	<u>41,013</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	357	26	45	1	-	429
Total investment expenses	<u>357</u>	<u>26</u>	<u>45</u>	<u>1</u>	<u>-</u>	<u>429</u>
Net investment income	34,985	2,372	2,944	136	147	40,584
Net realized gain (loss) from investments	-	-	147	-	-	147
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(2,475)</u>	<u>-</u>	<u>-</u>	<u>(2,475)</u>
Net increase (decrease) in net position from operations	34,985	2,372	616	136	147	38,256
Participant transaction additions:						
Purchase of pool units by participants	1,099,864	27,264	-	-	-	1,127,128
Reinvestment of pool distributions	34,985	2,372	3,313	-	-	40,670
Contributions to individual investment accounts	-	-	-	-	134	134
Total participant transaction additions	<u>1,134,849</u>	<u>29,636</u>	<u>3,313</u>	<u>-</u>	<u>134</u>	<u>1,167,932</u>
Total additions	1,169,834	32,008	3,929	136	281	1,206,188
Deductions						
Distributions to pool participants:						
Net investment income	34,985	2,372	2,944	-	-	40,301
Net realized gain (loss) from investments	-	-	147	-	-	147
Total distributions to pool participants	<u>34,985</u>	<u>2,372</u>	<u>3,091</u>	<u>-</u>	<u>-</u>	<u>40,448</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,397,792	85,656	-	-	-	1,483,448
Withdrawals from individual investment accounts	-	-	-	125	134	259
Total participant transaction deductions	<u>1,397,792</u>	<u>85,656</u>	<u>-</u>	<u>125</u>	<u>134</u>	<u>1,483,707</u>
Total deductions	<u>1,432,777</u>	<u>88,028</u>	<u>3,091</u>	<u>125</u>	<u>134</u>	<u>1,524,155</u>
Net increase (decrease) in net position from operations	(262,943)	(56,020)	838	11	147	(317,967)
Inter-pool transfers in						
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(262,943)	(56,020)	838	11	147	(317,967)
Net position at beginning of period	9,023,939	621,174	718,980	47,906	41,461	10,453,460
Net position at end of period	<u>\$ 8,760,996</u>	<u>\$ 565,154</u>	<u>\$ 719,818</u>	<u>\$ 47,917</u>	<u>\$ 41,608</u>	<u>\$ 10,135,493</u>