

West Virginia Investment Management Board

2022 AUDITED FINANCIAL STATEMENTS

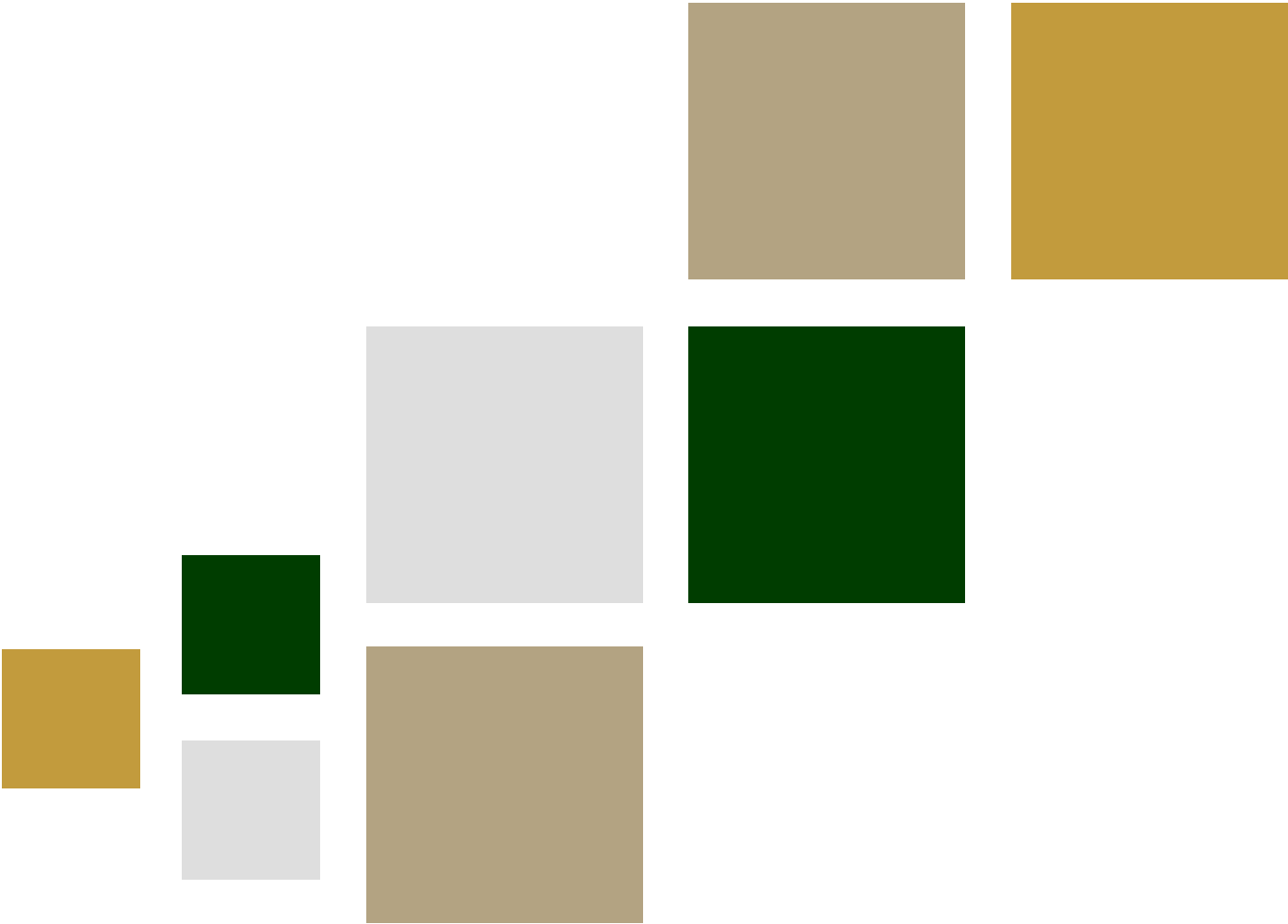
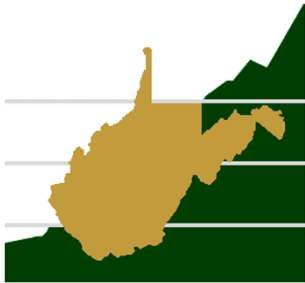


Table of Contents

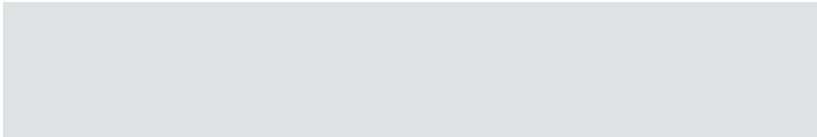
Investment Pools Audited Financial Statements

Portable Alpha Pool	A
Large Cap Domestic Equity Pool	B
Non-Large Cap Domestic Equity Pool	C
International Qualified Pool	D
International Nonqualified Pool	E
International Equity Pool	F
Short-Term Fixed Income Pool	G
Total Return Fixed Income Pool	H
Core Fixed Income Pool	I
TIPS Pool	J
Private Markets Pool	K
Hedge Fund Pool	L

Administrative Fund Audited Financial Statements

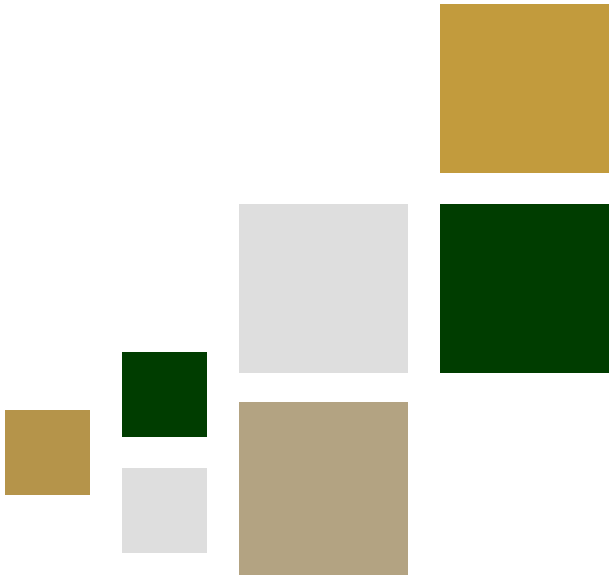
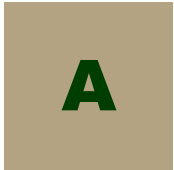


**AUDITED FINANCIAL
STATEMENTS**



INVESTMENT POOLS
Year Ended June 30, 2022

AUDITED FINANCIAL STATEMENTS
June 30, 2022



Portable Alpha Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis A-1

Statement of Net Position A-3

Statement of Changes in Net Position A-4

Notes to Financial Statements A-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Portable Alpha Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Portable Alpha Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages A-1 through A-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

Portable Alpha Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Portable Alpha (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 which is comprised of fixed income securities and a money market mutual fund, 2) a portfolio of alternative risk premia funds, and 3) a domestic large capitalization equity index manager.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 4,375,857	\$ 5,142,215
Investment derivatives	-	32,308
Other assets	506,040	1,675
Total assets	4,881,897	5,176,198
Investment derivatives	(124,020)	-
Other liabilities	(7,464)	(90,013)
Total liabilities	(131,484)	(90,013)
Net position	\$ 4,750,413	\$ 5,086,185

Portable Alpha Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$335,772 results from net investment loss of \$555,869 and a net increase from unit transactions of \$220,097.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (553,201)	\$ 1,406,413
Expenses	(2,668)	(2,064)
Net investment income (loss)	(555,869)	1,404,349
Net units issued	220,097	3,681,836
Increase (decrease) in net position	(335,772)	5,086,185
Net position, beginning of year	5,086,185	-
Net position, end of year	<u>\$ 4,750,413</u>	<u>\$ 5,086,185</u>

The investment income (loss) of the Pool is primarily from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (10.9) percent, down from 42.9 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 50.06	\$ 35.00
Net investment income (loss)	(5.45)	15.06
Net position, end of year	<u>\$ 44.61</u>	<u>\$ 50.06</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.05%	0.05%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.

Portable Alpha Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative risk premia funds	\$ 1,897,479
Commingled equity fund	1,335,973
Fixed income investments	777,702
Money market mutual fund	364,703
Cash with brokers for derivative contracts	96,764
Receivables:	
Investments sold	407,000
Interest and dividends	2,276
	<hr/>
Total assets	4,881,897

Liabilities

Investments in derivative instruments at fair value	124,020
Accrued expenses	464
Payable for investments purchased	7,000
	<hr/>
Total liabilities	131,484

Net position \$ 4,750,413

Unit data

Units outstanding	106,477,574
Net position, unit price	<u><u>\$ 44.61</u></u>

See accompanying notes to financial statements.

Portable Alpha Pool

Statement of Changes in Net Position Year Ended June 30, 2022 *(Amounts in thousands)*

Investment income (loss)	
Net decrease in fair value of investments	\$ (559,819)
Interest and dividends	<u>6,618</u>
Total investment loss	(553,201)
 Expenses	
Investment advisor fees	(1,019)
Custodian bank fees	(21)
Management and other allocated fees	(1,343)
Professional service fees - direct	<u>(285)</u>
Total expenses	<u>(2,668)</u>
Net investment loss	(555,869)
 Unit transactions	
Proceeds from sale of units	534,883
Amount paid for repurchase of units	<u>(314,786)</u>
Net increase from unit transactions	<u>220,097</u>
Decrease in net position	(335,772)
Net position, beginning of year	<u>5,086,185</u>
Net position, end of year	<u><u>\$ 4,750,413</u></u>

See accompanying notes to financial statements.

Portable Alpha Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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, LLC (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, LLC has been retained by the IMB 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 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 5 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities 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 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

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Investments in alternative risk premia funds are not securities for which market quotations are readily available. The IMB 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 IMB's interests in the funds. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2022.

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 IMB's established procedures.

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 IMB is required to pledge 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 IMB'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.

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 IMB'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 IMB 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 IMB 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 June 30, 2022.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments and money market mutual fund investment. The IMB limits the exposure to credit risk in the Pool by requiring securities purchased to have a minimum long-term rating of BBB (investment grade) and/or a short-term rating of A-2 (Tier-II). The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2022:

<u>Rating</u>	<u>Fair Value</u>
<i>Long-term</i>	
AAA	\$ 429,832
AA	6,017
A	21,288
BBB	10,572
<i>Short-term</i>	
A-1	230,037
Not Rated	79,956
Total fixed income investments	<u>\$ 777,702</u>

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no securities that were subject to custodial credit risk. Investments in the commingled equity fund and money market mutual fund are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments and money market mutual fund investment. As of June 30, 2022, the money market mutual fund has a weighted average maturity (WAM) of 41 days.

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The IMB monitors interest rate risk of the Pool by evaluating the modified duration of the investments in the Pool. Modified duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The following table provides the weighted average modified duration for the various asset types in the Pool as of June 30, 2022:

Investment Type	Fair Value	Modified Duration (years)
Certificates of deposit	\$ 50,743	0.0*
Commercial paper	157,100	0.1
Corporate asset backed issues	11,485	0.6
Foreign corporate bonds	22,695	0.1
U.S. corporate bonds	31,359	0.3
U.S. Government agency bonds	85,973	0.2
U.S. Treasury bonds	281,063	6.4
U.S. Treasury inflation protected securities	137,284	6.9
Total fixed income investments	\$ 777,702	

*Rounds to less than 0.05

The Pool invests in asset-backed securities. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2022, the Pool held \$11,485 of these securities. This represents approximately 1 percent of the value of the Pool's fixed income securities and less than 0.5 percent of the value of the Pool's total investments.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial 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 financial instruments outstanding as of and for the year ended June 30, 2022:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value
Futures contracts:			
Equity index futures long	\$ (124,020)	\$ (446,885)	\$ 3,253,096

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. 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 June 30, 2022. All of the Pool's investments in alternative risk premia funds (ARP) were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 50,743	\$ -	\$ 50,743
Commercial paper	-	157,100	-	157,100
Commingled equity fund	1,335,973	-	-	1,335,973
Corporate asset backed issues	-	11,485	-	11,485
Foreign corporate bonds	-	22,695	-	22,695
Money market mutual fund	364,703	-	-	364,703
U.S. corporate bonds	-	31,359	-	31,359
U.S. Government agency bonds	-	85,973	-	85,973
U.S. Treasury bonds	-	281,063	-	281,063
U.S. Treasury inflation protected securities	-	137,284	-	137,284
Total	<u>\$ 1,700,676</u>	<u>\$ 777,702</u>	<u>\$ -</u>	<u>\$ 2,478,378</u>
Alternative risk premia funds				1,897,479
Total				<u>\$ 4,375,857</u>
Liabilities	Level 1	Level 2	Level 3	Total
Futures Contracts	\$ (124,020)	\$ -	\$ -	\$ (124,020)

Portable Alpha Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

The following table presents information on investments measured at the NAV as of June 30, 2022:

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 363,630	Monthly	10 to 30 days
Multi-Premia (b)	1,413,370	Weekly, Semimonthly, Monthly	3 to 60 days
Relative-Value (c)	120,479	Monthly	30 days
	\$ 1,897,479		

- (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. Investments representing approximately 10 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (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.

NOTE 6. SCHEDULE OF PARTICIPATION

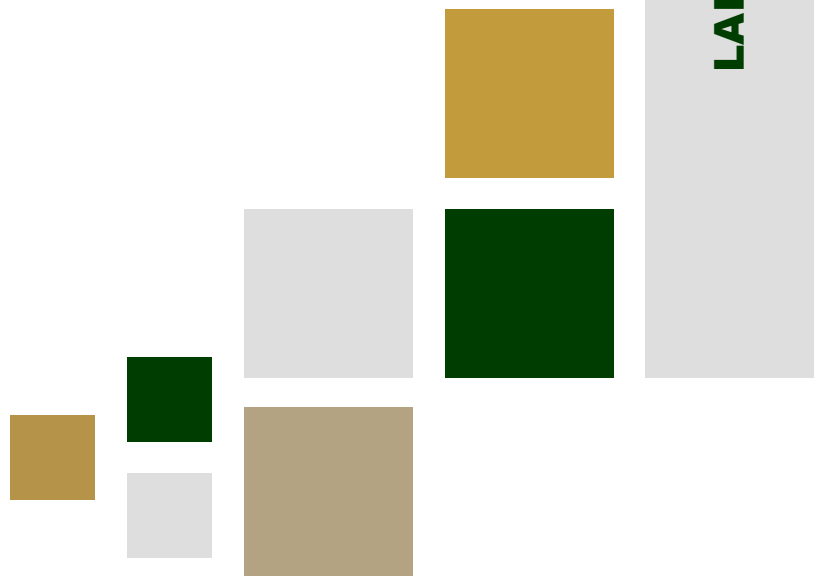
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

Participant	Account Value
Teachers' Retirement System	\$ 2,076,954
Public Employees' Retirement System	1,871,060
West Virginia Retiree Health Benefit Trust Fund	352,757
State Police Death, Disability and Retirement Fund	177,554
Deputy Sheriff's Retirement System	68,426
State Police Retirement System	67,126
Judges' Retirement System	60,589
Emergency Medical Services Retirement System	26,138
Wildlife Endowment Fund	17,242
Municipal Policemen's or Firemen's Pension and Relief Funds	15,793
Municipal Police Officers' and Firefighters' Retirement System	6,056
Natural Resources Police Officer Retirement System	5,652
West Virginia State Parks and Recreation Endowment Fund	3,223
Berkeley County Development Authority	1,843
Total	\$ 4,750,413

AUDITED FINANCIAL STATEMENTS
June 30, 2022

B

LARGE CAP DOMESTIC EQUITY POOL



Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis

B-1

Statement of Net Position

B-3

Statement of Changes in Net Position

B-4

Notes to Financial Statements

B-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Large Cap Domestic Equity Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Large Cap Domestic Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages B-1 through B-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 308,837	\$ 372,898
Total liabilities	(19)	(21)
Net position	<u>\$ 308,818</u>	<u>\$ 372,877</u>

Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the large-cap U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$64,059 results from net investment loss of \$35,385 and a net decrease from unit transactions of \$28,674.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (35,263)	\$ 274,395
Expenses	(122)	(313)
Net investment income (loss)	(35,385)	274,082
Net units issued (redeemed)	(28,674)	98,795
Increase (decrease) in net position	(64,059)	372,877
Net position, beginning of year	372,877	-
Net position, end of year	<u>\$ 308,818</u>	<u>\$ 372,877</u>

The investment income (loss) of the Pool is from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (10.7) percent, down from 40.7 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 49.23	\$ 35.00
Net investment income (loss)	(5.28)	14.23
Net position, end of year	<u>\$ 43.95</u>	<u>\$ 49.23</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.03%	0.04%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

Large Cap Domestic Equity Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	308,837
--	----	---------

Liabilities

Accrued expenses		<u>19</u>
------------------	--	-----------

Net position	\$	<u>308,818</u>
---------------------	-----------	-----------------------

Unit data

Units outstanding		7,025,802
-------------------	--	-----------

Net position, unit price	<u>\$</u>	<u>43.95</u>
--------------------------	-----------	--------------

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment loss

Net decrease in fair value of investments \$ (35,263)

Expenses

Investment advisor fees (27)

Custodian bank fees (1)

Management and other allocated fees (94)

Total expenses (122)

Net investment loss (35,385)

Unit transactions

Proceeds from sale of units 37,321

Amount paid for repurchase of units (65,995)

Net decrease from unit transactions (28,674)

Decrease in net position (64,059)

Net position, beginning of year 372,877

Net position, end of year \$ 308,818

See accompanying notes to financial statements.

Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Stock 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 Stock Index.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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.

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 IMB'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 IMB'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 IMB 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 IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a commingled equity fund that invests in equities included in the S&P 500 Stock Index. The value of this investment at June 30, 2022, was \$308,837. The Pool is not exposed to credit risk, concentration of credit risk, custodial credit risk, interest rate risk, or foreign currency risk.

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.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2022:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	\$ 308,837	\$ -	\$ -	\$ 308,837

Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

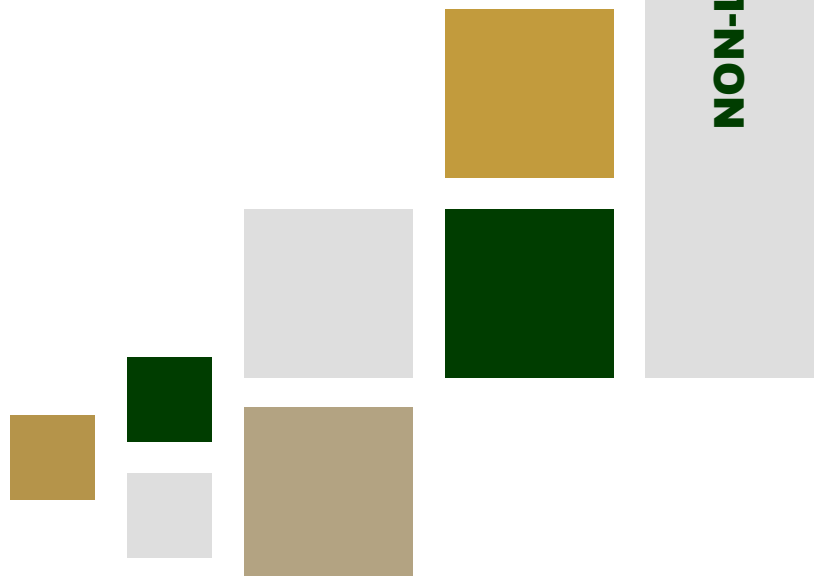
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Workers' Compensation Old Fund	\$ 129,374
Revenue Shortfall Reserve Fund - Part B	51,988
West Virginia Department of Environmental Protection Agency	41,177
Coal Workers' Pneumoconiosis Fund	29,121
Board of Risk and Insurance Management	24,673
Public Employees Insurance Agency	14,756
Workers' Compensation Self-Insured Employer Security Risk Pool	6,793
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,971
West Virginia Department of Environmental Protection Trust	3,213
Workers' Compensation Uninsured Employers' Fund	2,164
Municipal Policemen's or Firemen's Pension and Relief Funds	588
Total	<u>\$ 308,818</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022

C

NON-LARGE CAP DOMESTIC EQUITY POOL



Non-Large Cap Domestic Equity Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors	
Management's Discussion and Analysis	C-1
Statement of Net Position	C-3
Statement of Changes in Net Position	C-4
Notes to Financial Statements	C-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Non-Large Cap Domestic Equity Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Non-Large Cap Domestic Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages C-1 through C-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

August 26, 2022

Non-Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Non-Large Cap Domestic Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current fiscal year-end date:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 1,031,390	\$ 995,522
Other assets	2,884	1,847
Total assets	1,034,274	997,369
Total liabilities	(180,471)	(70,715)
Net position	\$ 853,803	\$ 926,654

Non-Large Cap Domestic Equity Pool

Management Discussion and Analysis (Unaudited)

The net position of the Pool is primarily impacted by the overall performance of the small- and mid-cap U.S. equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$72,851 results from net investment loss of \$220,207 and a net increase from unit transactions of \$147,356

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (213,279)	\$ 383,350
Expenses	(6,928)	(1,101)
Net investment income (loss)	(220,207)	382,249
Net units issued	147,356	544,405
Increase (decrease) in net position	(72,851)	926,654
Net position, beginning of year	926,654	-
Net position, end of year	<u>\$ 853,803</u>	<u>\$ 926,654</u>

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments and dividends received on equity securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (20.5) percent, down from 54.0 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 53.90	\$ 35.00
Net investment income (loss)	(11.16)	18.90
Net position, end of year	<u>\$ 42.74</u>	<u>\$ 53.90</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.69%	0.12%
---	-------	-------

(a) The ratio is for the fiscal year and excludes securities lending expenses.

Non-Large Cap Domestic Equity Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Equity investments	\$	806,663
Money market mutual fund		56,338
Securities lending collateral		168,389
Cash		1
Receivables:		
Investments sold		2,378
Dividends and other investment income		505
		<hr/>
Total assets		1,034,274

Liabilities

Accrued expenses		1,758
Payable for investments purchased		10,324
Payable upon return of securities loaned		168,389
		<hr/>
Total liabilities		180,471
		<hr/>
Net position	\$	853,803
		<hr/> <hr/>

Unit data

Units outstanding		19,976,149
Net position, unit price	\$	42.74
		<hr/> <hr/>

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Statement of Changes in Net Position

Year Ended June 30, 2022

(Amounts in thousands)

Investment income (loss)

Net decrease in fair value of investments	\$ (223,531)
Dividends	9,511
Securities lending income	<u>741</u>

Total investment loss (213,279)

Expenses

Investment advisor fees	(6,491)
Custodian bank fees	(38)
Management and other allocated fees	(262)
Securities lending expenses	<u>(137)</u>

Total expenses (6,928)

Net investment loss (220,207)

Unit transactions

Proceeds from sale of units	182,935
Amount paid for repurchase of units	<u>(35,579)</u>

Net increase from unit transactions 147,356

Decrease in net position (72,851)

Net position, beginning of year 926,654

Net position, end of year \$ 853,803

See accompanying notes to financial statements.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 LLC and Westfield Capital Management, LLC.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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 portfolio securities 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 IMB'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 IMB, 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 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 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.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consistent with the preservation of capital and maintenance of liquidity. 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 IMB 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 IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB 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 IMB 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 IMB 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. 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 IMB'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 IMB 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 IMB 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 June 30, 2022.

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 IMB is liable for capital gains taxes, the IMB 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

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position. Dividend 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. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2022, the money market mutual fund's weighted average maturity (WAM) was 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2022, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk

The Pool has equity investments and cash that are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of equity investments and cash as of June 30, 2022 are as follows:

Currency	Equity Investments	Cash	Total
Canadian Dollar	\$ 12,624	\$ 1	\$ 12,625

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.

Non-Large Cap Domestic Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. 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 June 30, 2022:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic common stock	\$ 735,883	\$ -	\$ -	\$ 735,883
Foreign common stock	70,780	-	-	70,780
Money market mutual fund	56,338	-	-	56,338
Securities lending collateral	168,389	-	-	168,389
Total	<u>\$ 1,031,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,390</u>

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2022:

	<u>Fair Value</u>
Securities on loan	\$ 204,968
Collateral received:	
Cash	\$ 168,389
Non-cash	44,846
Total collateral received	<u>\$ 213,235</u>

NT, as agent for the IMB, loans the IMB'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 IMB 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

Notes to Financial Statements (Amounts in thousands)

NOTE 6. SCHEDULE OF PARTICIPATION

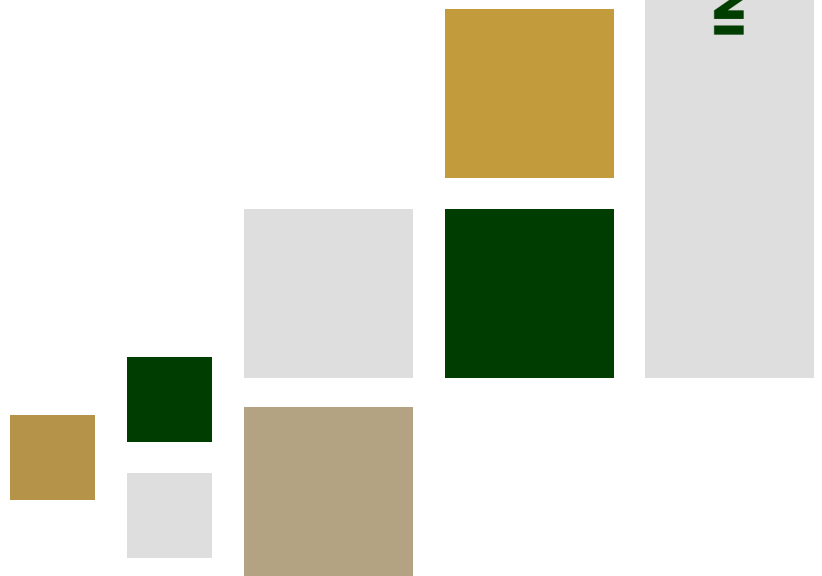
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 349,672
Public Employees' Retirement System	314,951
West Virginia Retiree Health Benefit Trust Fund	59,010
State Police Death, Disability and Retirement Fund	30,029
Workers' Compensation Old Fund	22,164
Deputy Sheriff's Retirement System	11,472
State Police Retirement System	11,252
Judges' Retirement System	10,154
Revenue Shortfall Reserve Fund - Part B	9,195
West Virginia Department of Environmental Protection Agency	7,229
Coal Workers' Pneumoconiosis Fund	5,181
Emergency Medical Services Retirement System	4,384
Board of Risk and Insurance Management	4,357
Public Employees Insurance Agency	3,321
Wildlife Endowment Fund	2,871
Municipal Policemen's or Firemen's Pension and Relief Funds	2,742
Workers' Compensation Self-Insured Employer Security Risk Pool	1,206
Municipal Police Officers' and Firefighters' Retirement System	1,011
Natural Resources Police Officer Retirement System	945
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	878
West Virginia Department of Environmental Protection Trust	568
West Virginia State Parks and Recreation Endowment Fund	521
Workers' Compensation Uninsured Employers' Fund	381
Berkeley County Development Authority	309
Total	<u>\$ 853,803</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022

D

INTERNATIONAL QUALIFIED POOL



International Qualified Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis D-1

Statement of Net Position D-3

Statement of Changes in Net Position D-4

Notes to Financial Statements D-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board International Qualified Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Qualified Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages D-1 through D-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

International Qualified Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool was established to gain exposure to the international equity market with the objective to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annual basis 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.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 1,185,907	\$ 1,451,822
Total liabilities	(47)	(51)
Net position	<u>\$ 1,185,860</u>	<u>\$ 1,451,771</u>

International Qualified Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$265,911 results from net investment loss of \$161,272 and a net decrease from unit transactions of \$104,639.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (153,996)	\$ 378,985
Expenses	(7,276)	(6,872)
Net investment income (loss)	(161,272)	372,113
Net units issued (redeemed)	(104,639)	50,334
Increase (decrease) in net position	(265,911)	422,447
Net position, beginning of year	1,451,771	1,029,324
Net position, end of year	<u>\$ 1,185,860</u>	<u>\$ 1,451,771</u>

The investment income (loss) of the Pool is from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (11.8) percent, down from 34.5 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 90.87	\$ 67.58
Net investment income (loss)	(10.74)	23.29
Net position, end of year	<u>\$ 80.13</u>	<u>\$ 90.87</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.54%	0.55%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

International Qualified Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$ 1,185,907
--	--------------

Liabilities

Accrued expenses	<u>47</u>
------------------	-----------

Net position	<u><u>\$ 1,185,860</u></u>
---------------------	----------------------------

Unit data

Units outstanding	14,799,765
-------------------	------------

Net position, unit price	<u><u>\$ 80.13</u></u>
--------------------------	------------------------

See accompanying notes to financial statements.

International Qualified Pool

Statement of Changes in Net Position Year Ended June 30, 2022 *(Amounts in thousands)*

Investment loss

Net decrease in fair value of investments	\$ (153,996)
---	--------------

Expenses

Investment advisor fees	(6,919)
-------------------------	---------

Management and other allocated fees	<u>(357)</u>
-------------------------------------	--------------

Total expenses	<u>(7,276)</u>
-----------------------	----------------

Net investment loss	(161,272)
----------------------------	-----------

Unit transactions

Proceeds from sale of units	14,610
-----------------------------	--------

Amount paid for repurchase of units	<u>(119,249)</u>
-------------------------------------	------------------

Net decrease from unit transactions	<u>(104,639)</u>
--	------------------

Decrease in net position	(265,911)
---------------------------------	-----------

Net position, beginning of year	<u>1,451,771</u>
--	------------------

Net position, end of year	<u><u>\$ 1,185,860</u></u>
----------------------------------	----------------------------

See accompanying notes to financial statements.

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's International Qualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Morgan Stanley Capital International's Europe Australasia Far East Index (MSCI EAFE) by 200 basis points on an annualized basis 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 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 IMB 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.

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 IMB'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.

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

International Qualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB'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 IMB 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 IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a commingled equity fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2022, was \$1,185,907. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

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 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

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 June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 562,920
Public Employees' Retirement System	506,449
State Police Death, Disability and Retirement Fund	48,704
Deputy Sheriff's Retirement System	18,512
State Police Retirement System	18,207
Judges' Retirement System	16,364
Emergency Medical Services Retirement System	7,082
Municipal Policemen's or Firemen's Pension and Relief Funds	4,430
Municipal Police Officers' and Firefighters' Retirement System	1,659
Natural Resources Police Officer Retirement System	1,533
Total	<u>\$ 1,185,860</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022

E

INTERNATIONAL NONQUALIFIED POOL



International Nonqualified Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis E-1

Statement of Net Position E-3

Statement of Changes in Net Position E-4

Notes to Financial Statements E-5

Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board International Nonqualified Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Nonqualified Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages E-1 through E-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

International Nonqualified Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The Pool was established to gain exposure to the international equity market with the objective to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annual basis over three- to five-year periods, net of external investment management fees. This Pool exists for participants who are not "qualified participants" (as defined by the *Internal Revenue Code*).

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 183,582	\$ 219,112
Total liabilities	(7)	(8)
Net position	<u>\$ 183,575</u>	<u>\$ 219,104</u>

International Nonqualified Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$35,529 results from net investment loss of \$25,586 and a net decrease from unit transactions of \$9,943.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (24,296)	\$ 57,115
Expenses	(1,290)	(1,191)
Net investment income (loss)	(25,586)	55,924
Net units issued (redeemed)	(9,943)	51
Increase (decrease) in net position	(35,529)	55,975
Net position, beginning of year	219,104	163,129
Net position, end of year	\$ 183,575	\$ 219,104

The investment income (loss) of the Pool is from the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (12.0) percent, down from 34.3 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 82.77	\$ 61.64
Net investment income (loss)	(9.89)	21.13
Net position, end of year	\$ 72.88	\$ 82.77

Supplemental Data:

Ratio of expenses to average net position (a)	0.61%	0.63%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

International Nonqualified Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investment in commingled equity fund at fair value	\$	183,582
--	----	---------

Liabilities

Accrued expenses		<u>7</u>
------------------	--	----------

Net position	\$	<u>183,575</u>
---------------------	-----------	-----------------------

Unit data

Units outstanding		2,518,841
-------------------	--	-----------

Net position, unit price	\$	<u>72.88</u>
--------------------------	----	--------------

See accompanying notes to financial statements.

International Nonqualified Pool

Statement of Changes in Net Position Year Ended June 30, 2022 *(Amounts in thousands)*

Investment loss

Net decrease in fair value of investments	\$ (24,296)
---	-------------

Expenses

Investment advisor fees	(1,234)
-------------------------	---------

Management and other allocated fees	<u>(56)</u>
-------------------------------------	-------------

Total expenses	<u>(1,290)</u>
-----------------------	----------------

Net investment loss	(25,586)
----------------------------	----------

Unit transactions

Proceeds from sale of units	22,320
-----------------------------	--------

Amount paid for repurchase of units	<u>(32,263)</u>
-------------------------------------	-----------------

Net decrease from unit transactions	<u>(9,943)</u>
--	----------------

Decrease in net position	(35,529)
---------------------------------	----------

Net position, beginning of year	<u>219,104</u>
--	----------------

Net position, end of year	<u><u>\$ 183,575</u></u>
----------------------------------	--------------------------

See accompanying notes to financial statements.

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's International Nonqualified Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis 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 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 IMB 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.

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 IMB'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.

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

International Nonqualified Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB'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 IMB 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 IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a commingled equity fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2022, was \$183,582. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

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 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

Notes to Financial Statements

(Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

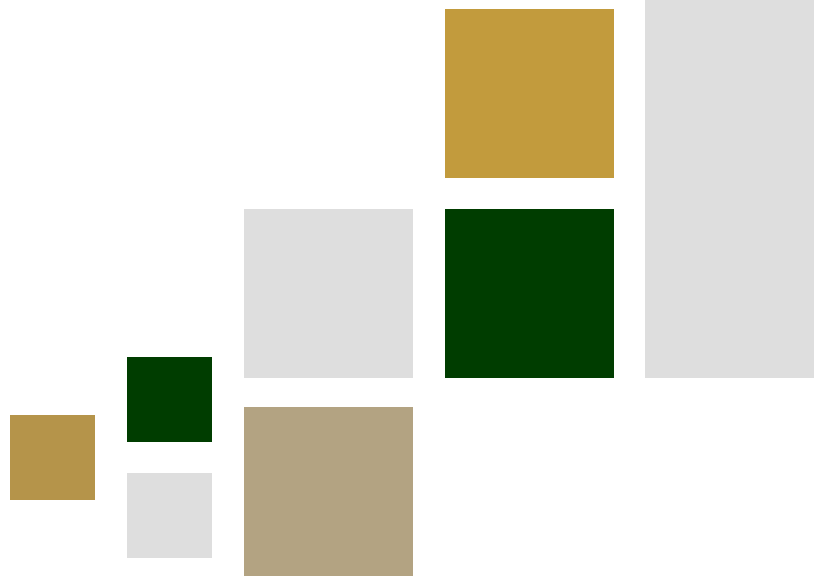
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
West Virginia Retiree Health Benefit Trust Fund	\$ 92,251
Workers' Compensation Old Fund	34,542
Revenue Shortfall Reserve Fund - Part B	14,500
West Virginia Department of Environmental Protection Agency	11,411
Coal Workers' Pneumoconiosis Fund	8,101
Board of Risk and Insurance Management	6,879
Public Employees Insurance Agency	5,296
Wildlife Endowment Fund	4,496
Workers' Compensation Self-Insured Employer Security Risk Pool	1,894
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,386
West Virginia Department of Environmental Protection Trust	889
West Virginia State Parks and Recreation Endowment Fund	843
Workers' Compensation Uninsured Employers' Fund	604
Berkeley County Development Authority	483
Total	<u>\$ 183,575</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022

F

INTERNATIONAL EQUITY POOL



International Equity Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis F-1

Statement of Net Position F-3

Statement of Changes in Net Position F-4

Notes to Financial Statements F-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board International Equity Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the International Equity Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages F-1 through F-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

International Equity Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 2,795,255	\$ 3,936,878
Other assets	63,543	30,290
Total assets	2,858,798	3,967,168
Total liabilities	(64,638)	(54,038)
Net position	<u>\$ 2,794,160</u>	<u>\$ 3,913,130</u>

International Equity Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the international equity market. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$1,118,970 results from net investment loss of \$831,664 and a net decrease from unit transactions of \$287,306.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (815,265)	\$ 1,422,740
Expenses	(16,399)	(18,961)
Net investment income (loss)	(831,664)	1,403,779
Net units redeemed	(287,306)	(939,505)
Increase (decrease) in net position	(1,118,970)	464,274
Net position, beginning of year	3,913,130	3,448,856
Net position, end of year	<u>\$ 2,794,160</u>	<u>\$ 3,913,130</u>

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments and dividends received on equity securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (22.4) percent, down from 46.1 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 44.70	\$ 30.57
Net investment income (loss)	(10.02)	14.13
Net position, end of year	<u>\$ 34.68</u>	<u>\$ 44.70</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.47%	0.50%
---	-------	-------

- (a) The ratio is for the fiscal year, does not reflect the Pool's proportionate share of expenses of the underlying investee funds, and excludes securities lending expenses.

International Equity Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:		
Equity investments	\$	2,694,822
Money market mutual fund		42,808
Securities lending collateral		57,625
Cash		19,017
Receivables:		
Investments sold		24,140
Dividends and other investment income		20,386
		<hr/>
	Total assets	2,858,798

Liabilities

Accrued expenses		3,407
Payable for investments purchased		3,606
Payable upon return of securities loaned		57,625
		<hr/>
	Total liabilities	64,638
		<hr/>
	Net position	<u><u>\$ 2,794,160</u></u>

Unit data

Units outstanding		80,580,531
Net position, unit price	\$	<u><u>34.68</u></u>

See accompanying notes to financial statements.

International Equity Pool

Statement of Changes in Net Position Year Ended June 30, 2022 *(Amounts in thousands)*

Investment income (loss)

Net decrease in fair value of investments	\$ (935,121)
Interest and dividends	119,053
Securities lending income	<u>803</u>
Total investment loss	(815,265)

Expenses

Investment advisor fees	(14,387)
Custodian bank fees	(984)
Management and other allocated fees	(924)
Securities lending expenses	<u>(104)</u>
Total expenses	<u>(16,399)</u>
Net investment loss	(831,664)

Unit transactions

Proceeds from sale of units	160,362
Amount paid for repurchase of units	<u>(447,668)</u>
Net decrease from unit transactions	<u>(287,306)</u>
Decrease in net position	(1,118,970)
Net position, beginning of year	<u>3,913,130</u>
Net position, end of year	<u><u>\$ 2,794,160</u></u>

See accompanying notes to financial statements.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's International Equity Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. Assets were managed by Acadian Asset Management, LLC, Axiom International Investors, LLC (Axiom), LSV Asset Management, and Oberweis Asset Management, Inc. for the entire fiscal year. Assets were managed by Brandes Investment Partners, L.P. (Brandes) from July 1, 2021, until May 31, 2022. On June 1, 2022, Russell Investments Implementation Services, LLC (Russell) was hired on a transition basis, with the purpose of trading the Brandes portfolio in line with the target portfolio which will be managed by Numeric Investors LLC (Numeric). In June 2022, the IMB finalized the contract with Numeric, which has an effective date of July 1, 2022. Assets were managed by Allianz Global Investors (Allianz) from July 1, 2021, until June 14, 2022, when the Allianz GI China A Shares LLC Commingled Equity Fund closed. Proceeds were split between the existing managers with emerging market mandates, specifically Axiom and Russell.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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 portfolio securities is determined on the last business day of each month as follows:

- Equity securities and exchange traded funds (ETF) 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 IMB's established procedures.

International Equity Pool

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 IMB, 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 consistent with the preservation of capital and maintenance of liquidity. 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 IMB 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 IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB 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 IMB 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 IMB 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. 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.

International Equity 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 IMB'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 IMB 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 IMB 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 June 30, 2022.

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 IMB is liable for capital gains taxes, the IMB 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 (decrease) in fair value of investments is reported net of capital gains taxes on the Statement of Changes in Net Position.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2022, the money market mutual fund's weighted average maturity (WAM) was 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2022, the WAM for the Cash Collateral Account was 1 day.

International Equity Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Foreign Currency Risk

The Pool has equity investments, cash, and foreign currency spot contracts that are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of equity investments, cash, and foreign currency spot contracts as of June 30, 2022 are as follows:

Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 90,137	\$ 29	\$ 5	\$ 90,171
Brazil Real	78,683	1,115	-	79,798
British Pound	194,576	147	-	194,723
Canadian Dollar	129,401	141	-	129,542
Chilean Peso	5,467	-	-	5,467
Chinese Yuan	120,727	722	-	121,449
Czech Koruna	1,699	-	-	1,699
Danish Krone	20,568	9	-	20,577
Egyptian Pound	97	-	-	97
Emirati Dirham	13,466	-	-	13,466
Euro Currency Unit	374,162	159	1	374,322
Hong Kong Dollar	381,161	2,424	-	383,585
Hungarian Forint	4,479	125	3	4,607
Indian Rupee	78,210	9,176	-	87,386
Indonesian Rupiah	33,130	170	-	33,300
Israeli Shekel	4,825	-	-	4,825
Japanese Yen	251,857	1,273	-	253,130
Kuwaiti Dinar	7,046	-	-	7,046
Malaysian Ringgit	18,173	77	-	18,250
Mexican Peso	36,527	58	1	36,586
New Taiwan Dollar	147,963	156	-	148,119
New Zealand Dollar	400	-	-	400
Norwegian Krone	31,337	365	1	31,703
Philippine Peso	2,658	44	(2)	2,700
Polish Zloty	6,195	-	-	6,195
Qatari Riyal	2,975	-	-	2,975
Saudi Arabian Riyal	24,285	25	-	24,310
Singapore Dollar	22,532	396	3	22,931
South African Rand	27,755	86	-	27,841
South Korean Won	170,253	1,773	(10)	172,016
Swedish Krona	43,995	33	-	44,028
Swiss Franc	79,781	50	-	79,831
Thailand Baht	50,316	331	-	50,647
Turkish Lira	5,234	133	-	5,367
Total	\$ 2,460,070	\$ 19,017	\$ 2	\$ 2,479,089
U.S. Dollar	234,752	-	-	234,752
Total	\$ 2,694,822	\$ 19,017	\$ 2	\$ 2,713,841

International Equity Pool

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.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2022:

Assets	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,629,469	\$ -	\$ -	\$ 2,629,469
ETF	39,823	-	-	39,823
Money market mutual fund	42,808	-	-	42,808
Preferred stock	25,530	-	-	25,530
Securities lending collateral	57,625	-	-	57,625
Total	<u>\$ 2,795,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,795,255</u>

NOTE 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2022:

	Fair Value
Securities on loan	\$ 108,004
Collateral received:	
Cash	\$ 57,625
Non-cash	61,099
Total collateral received	<u>\$ 118,724</u>

NT, as agent for the IMB, loans the IMB'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 IMB 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

Notes to Financial Statements (Amounts in thousands)

NOTE 6. SCHEDULE OF PARTICIPATION

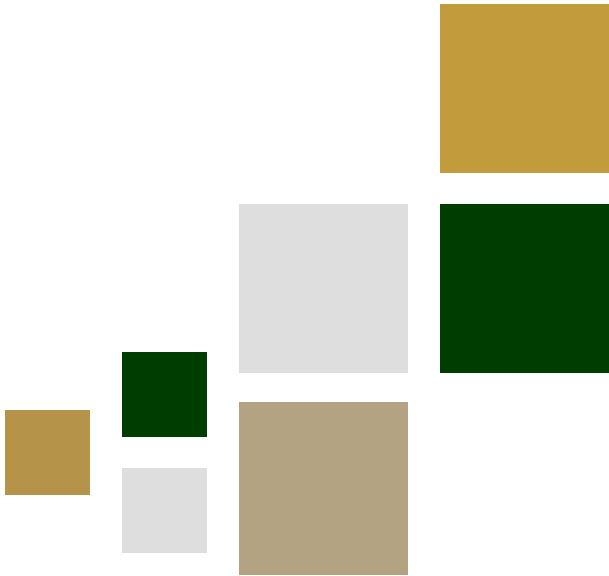
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 1,143,307
Public Employees' Retirement System	1,029,958
West Virginia Retiree Health Benefit Trust Fund	192,464
State Police Death, Disability and Retirement Fund	97,758
Workers' Compensation Old Fund	76,125
Deputy Sheriff's Retirement System	37,479
State Police Retirement System	36,760
Judges' Retirement System	33,166
Revenue Shortfall Reserve Fund - Part B	30,069
West Virginia Department of Environmental Protection Agency	23,773
Coal Workers' Pneumoconiosis Fund	16,784
Emergency Medical Services Retirement System	14,338
Board of Risk and Insurance Management	14,252
Public Employees Insurance Agency	10,571
Wildlife Endowment Fund	9,382
Municipal Policemen's or Firemen's Pension and Relief Funds	8,929
Workers' Compensation Self-Insured Employer Security Risk Pool	3,935
Municipal Police Officers' and Firefighters' Retirement System	3,305
Natural Resources Police Officer Retirement System	3,088
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	2,874
West Virginia Department of Environmental Protection Trust	1,871
West Virginia State Parks and Recreation Endowment Fund	1,719
Workers' Compensation Uninsured Employers' Fund	1,249
Berkeley County Development Authority	1,004
Total	<u>\$ 2,794,160</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022



SHORT-TERM FIXED INCOME POOL



Short-Term Fixed Income Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis

G-1

Statement of Net Position

G-3

Statement of Changes in Net Position

G-4

Notes to Financial Statements

G-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Short-Term Fixed Income Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Short-Term Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages G-1 through G-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

August 26, 2022

Short-Term Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 IMB 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 FTSE 3 Month US T-Bill Index.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 145,435	\$ 217,229
Other assets	1	1
Total assets	145,436	217,230
Total liabilities	(17)	(25,008)
Net position	\$ 145,419	\$ 192,222

Short-Term Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the interest rates on short-term fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$46,803 results from net investment income of \$183, a decrease from distributions to unitholders of \$183, and a net decrease from unit transactions of \$46,803.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income	\$ 251	\$ 291
Expenses	(68)	(221)
Net investment income	183	70
Distributions to unitholders	(183)	(70)
Net units redeemed	(46,803)	(424,319)
Decrease in net position	(46,803)	(424,319)
Net position, beginning of year	192,222	616,541
Net position, end of year	\$ 145,419	\$ 192,222

The investment income of the Pool is primarily from interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was 0.2 percent, up from 0.0 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 1.00	\$ 1.00
Net investment income	- (a)	- (a)
Distributions to unitholders	- (a)	- (a)
Net position, end of year	\$ 1.00	\$ 1.00

Supplemental Data:		
Ratio of expenses to average net position (b)	0.05%	0.07%
Weighted average maturity (WAM)	5 days	28 days
Maximum WAM per IMB Board guidelines	60 days	60 days
Money market yield (c)	0.15%	0.00%

- (a) Per share amount is less than \$0.01, amount is rounded for reporting purposes.
- (b) Ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.
- (c) The money market yield represents the rate of income, net of expenses, earned over the past month divided by the average shares outstanding and is not intended to indicate future performance. The return is annualized over a 365-day or 366-day year, assuming no reinvestment of earnings.

Short-Term Fixed Income Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at amortized cost:		
U.S. Treasury and government agency bonds	\$	109,974
Repurchase agreement		35,461
Receivable for interest and dividends		<u>1</u>
	Total assets	145,436

Liabilities

Accrued expenses		<u>17</u>
	Net position	<u><u>\$ 145,419</u></u>

Unit data

Units outstanding		145,419,222
Net position, unit price	\$	<u><u>1.00</u></u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment income	\$	251
Expenses		
Investment advisor fees		(62)
Custodian bank fees		<u>(6)</u>
	Total expenses	<u>(68)</u>
	Net investment income	183
Distributions to unitholders		(183)
Unit transactions		
Proceeds from sale of units		1,636,367
Reinvestment of distributions		183
Amount paid for repurchase of units		<u>(1,683,353)</u>
	Net decrease from unit transactions	<u>(46,803)</u>
	Decrease in net position	(46,803)
	Net position, beginning of year	<u>192,222</u>
	Net position, end of year	<u>\$ 145,419</u>

See accompanying notes to financial statements.

Short-Term Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's Short-Term Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 IMB 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 FTSE 3 Month US T-Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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, and 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 IMB'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 IMB 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. 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.

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. Managements' 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 IMB'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 IMB pays all expenses on behalf of the Pool.

Income Taxes - The IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The IMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 10 percent of its assets in United States Treasury issues. Repurchase agreements are collateralized by United States Treasury bonds. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2022.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the IMB. All remaining investments are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments. The IMB monitors interest rate risk of the Pool by limiting the weighted average maturity (WAM) of the investments of the Pool to 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2022:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM (days)</u>
Repurchase agreement	\$ 35,461	1
U.S. Government agency bonds	93,991	1
U.S. Treasury bills	15,983	38
Total investments	<u>\$ 145,435</u>	<u>5</u>

Foreign Currency Risk

The Pool has no investments that are subject to foreign currency risk.

Short-Term Fixed Income Pool

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.

The table below summarizes the valuation of the investments in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2022:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repurchase agreement	\$ -	\$ 35,461	\$ -	\$ 35,461
U.S. Government agency bonds	-	93,991	-	93,991
U.S. Treasury bonds	-	15,983	-	15,983
Total	<u>\$ -</u>	<u>\$ 145,435</u>	<u>\$ -</u>	<u>\$ 145,435</u>

Short-Term Fixed Income Pool

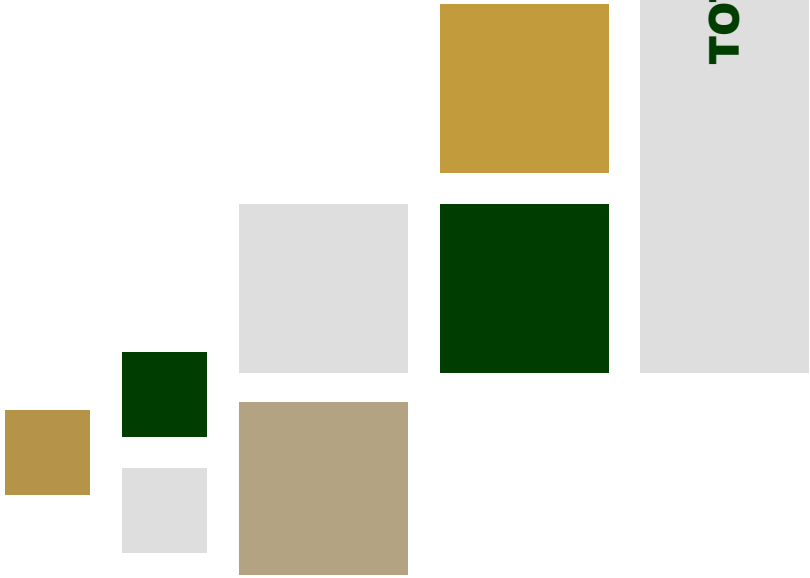
Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 100,719
Public Employees' Retirement System	10,009
Coal Workers' Pneumoconiosis Fund	9,398
Board of Risk and Insurance Management	7,218
Workers' Compensation Old Fund	7,141
Workers' Compensation Self-Insured Employer Security Risk Pool	2,284
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	1,805
State Police Retirement System	1,088
West Virginia State Parks and Recreation Endowment Fund	991
Municipal Policemen's or Firemen's Pension and Relief Funds	964
Workers' Compensation Uninsured Employers' Fund	785
Judges' Retirement System	682
Deputy Sheriff's Retirement System	595
Municipal Police Officers' and Firefighters' Retirement System	515
State Police Death, Disability and Retirement Fund	455
Emergency Medical Services Retirement System	410
Natural Resources Police Officer Retirement System	227
Wildlife Endowment Fund	133
Total	<u>\$ 145,419</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022



Total Return Fixed Income Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis H-1

Statement of Net Position H-3

Statement of Changes in Net Position H-4

Notes to Financial Statements H-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Total Return Fixed Income Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Total Return Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages H-1 through H-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

August 26, 2022

Total Return Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 2,596,656	\$ 3,171,450
Investment derivatives	71,453	51,549
Other assets	537,905	132,999
Total assets	3,206,014	3,355,998
Investment derivatives and securities sold short	(96,507)	(41,044)
Other liabilities	(354,272)	(250,151)
Total liabilities	(450,779)	(291,195)
Net position	\$ 2,755,235	\$ 3,064,803

Total Return Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$309,568 results from net investment loss of \$360,950 and a net increase from unit transactions of \$51,382.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (353,269)	\$ 147,605
Expenses	(7,681)	(6,578)
Net investment income (loss)	(360,950)	141,027
Net units issued	51,382	813,631
Increase (decrease) in net position	(309,568)	954,658
Net position, beginning of year	3,064,803	2,110,145
Net position, end of year	<u>\$ 2,755,235</u>	<u>\$ 3,064,803</u>

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments and interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (11.2) percent, down from 5.9 percent for the year ended June 30, 2021.

Select financial highlights are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 17.66	\$ 16.69
Net investment income (loss)	(1.98)	0.97
Net position, end of year	<u>\$ 15.68</u>	<u>\$ 17.66</u>

Supplemental Data:

Ratio of expenses to average net position (a)	0.24%	0.25%
---	-------	-------

- (a) The ratio is for the fiscal year, does not reflect the Pool's proportionate share of expenses of the underlying investee funds, and excludes securities lending expenses.

Total Return Fixed Income Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 2,327,273
Derivative instruments	71,453
Equity investments	13,018
Money market mutual fund	130,798
Securities lending collateral	125,567
Cash (restricted: \$1,263)	17,169
Cash due from broker	67,665
Receivables:	
Interest, dividends, and other investment income	22,684
Investments sold	430,387
	<hr/>
Total assets	3,206,014

Liabilities

Investments in derivative instruments at fair value	96,507
Accrued expenses	1,687
Payable for investments purchased	227,018
Payable upon return of securities loaned	125,567
	<hr/>
Total liabilities	450,779
	<hr/>
Net position	\$ 2,755,235

Unit data

Units outstanding	175,710,966
Net position, unit price	<hr/> <hr/> \$ 15.68

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment income (loss)

Net decrease in fair value of investments	\$ (441,331)
Interest and dividends	87,612
Securities lending income	<u>450</u>

Total investment loss (353,269)

Expenses

Investment advisor fees	(6,522)
Custodian bank fees	(156)
Management and other allocated fees	(816)
Securities lending expenses	<u>(187)</u>

Total expenses (7,681)

Net investment loss (360,950)

Unit transactions

Proceeds from sale of units	494,304
Amount paid for repurchase of units	<u>(442,922)</u>

Net increase from unit transactions 51,382

Decrease in net position (309,568)

Net position, beginning of year 3,064,803

Net position, end of year \$ 2,755,235

See accompanying notes to financial statements.

Total Return Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's Total Return Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Barclays 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 IMB reports its investments at fair value in accordance with GASB Statement No. 72. Refer to Note 5 for further discussion and presentation of the reporting requirements under GASB Statement No. 72.

Fair value of the Pool's portfolio securities 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 IMB's established procedures.

Total Return Fixed Income Pool

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 restricted cash, if any, on the Statement of Net Position as Cash due to/from broker. These amounts are reported net and include cash balances required by brokers for collateral on derivative contracts, variation margin on futures and centrally cleared swaps, and forward-settling mortgage-backed securities.

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.

Option Contracts - The IMB 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. 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 IMB 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 IMB maintains sufficient levels of cash or cash equivalents to meet cash flow obligations.

Securities Lending - The IMB, 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 consistent with the preservation of capital and maintenance of liquidity. 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 IMB for any repurchase agreement investment losses.

Total Return Fixed Income Pool

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 IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB 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 IMB 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.

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 IMB is required to pledge 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 IMB'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 IMB enters into foreign currency spot contracts that correspond to investment transactions trading in foreign currencies and to repatriate income. The IMB 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.

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

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 various collateralized mortgage obligations (CMO), including interest-only and/or principal-only tranches, asset-backed securities, 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 IMB'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 IMB 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 IMB 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 June 30, 2022.

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 IMB is liable for capital gains taxes, the IMB 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. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2022:

Rating	Fair Value
AAA	\$ 23,494
AA	900,769
A	127,999
BBB	602,737
BB	344,804
B	218,720
CCC	22,657
CC	7,342
C	546
Withdrawn	15,762
Total rated	2,264,830
Not rated	62,443
Total fixed income investments	\$ 2,327,273

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, except for posted collateral on cleared derivatives and over-the-counter derivative instruments, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the IMB. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. Investments in commingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2022, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2022, the WAM for the Cash Collateral Account was 1 day.

The IMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30, 2022:

Investment Type	Fair Value	Effective Duration (years)
Bank loans	\$ 2,980	2.3
Commingled debt funds	242,023	2.9
Corporate asset backed issues	76,488	0.6
Corporate CMO	81,472	1.2
Foreign asset backed issues	87,664	0.0*
Foreign corporate bonds	352,447	5.0
Foreign government bonds	194,192	6.2
Municipal bonds	22,293	8.2
U.S. corporate bonds	458,781	6.7
U.S. Government agency bonds	28,382	4.2
U.S. Government agency CMO	76,540	1.0
U.S. Government agency CMO interest-only	4,565	3.0
U.S. Government agency MBS	315,433	5.8
U.S. Government agency TBAs	46,508	5.6
U.S. Treasury bonds	337,505	14.0
Total fixed income investments	<u>\$ 2,327,273</u>	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2022, the Pool held \$688,670 of these securities. This represents approximately 30 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk

The Pool has foreign fixed income investments, foreign equity investments, and cash that is denominated in foreign currencies and exposed to foreign currency risk. Foreign denominated derivative investments are disclosed in Note 4. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. Approximately \$46,178, or 19 percent, of the commingled debt funds hold substantially all of their investments in securities denominated in foreign currencies. This represents approximately 2 percent of the value of the Pool's fixed income securities.

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2022, are as follows:

Currency	Foreign Fixed Income	Common Stock	Cash	Cash Due To/From Broker	Total
Argentine Peso	\$ 86	\$ -	\$ 711	\$ -	\$ 797
Australian Dollar	-	-	670	936	1,606
British Pound	-	792	4,614	63	5,469
Canadian Dollar	-	-	1,105	-	1,105
Colombian Peso	5,163	-	-	-	5,163
Dominican Peso	3,626	-	-	-	3,626
Egyptian Pound	2,504	-	-	-	2,504
Euro Currency Unit	17,556	-	1,852	(1,138)	18,270
Georgia Lari	545	-	-	-	545
Ghana Cedi	1,362	-	-	-	1,362
Indonesian Rupiah	23,886	-	2,207	-	26,093
Japanese Yen	3,314	-	1,349	(2,145)	2,518
Kazakhstani Tenge	3,661	-	-	-	3,661
Kenyan Shilling	2,156	-	-	-	2,156
Mexican Peso	46,668	-	1,492	3,241	51,401
New Zealand Dollar	-	-	732	-	732
Peruvian Nuevo Sol	2,290	-	-	-	2,290
Russian Ruble	5,657	-	1,263	-	6,920
South African Rand	11,837	-	748	-	12,585
Swedish Krona	-	-	426	-	426
Turkish Lira	1,231	-	-	-	1,231
Uruguayan Peso	4,207	-	-	-	4,207
Uzbekistan Som	4,409	-	-	-	4,409
Total	\$ 140,158	\$ 792	\$ 17,169	\$ 957	\$ 159,076
U.S. Dollar	497,125	-	-	66,708	563,833
Total	\$ 637,283	\$ 792	\$ 17,169	\$ 67,665	\$ 722,909

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial 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 financial 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 financial 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 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 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 year-end that were entered into pursuant to agreements that allow for such netting.

The table below presents the fair value, the net increase (decrease) in fair value, and the notional amount of derivative financial instruments as of and for the year ended June 30, 2022:

Derivative Type	Fair Value	Net Increase (Decrease) in Fair Value of Investments	Notional Value (in USD)
Forwards:			
Foreign currency forward contracts	\$ 2,221	\$ 5,176	\$ 126,218
Futures contracts:			
Fixed income futures long	(25,101)	(134,226)	2,230,145
Fixed income futures short	9,900	132,312	(1,074,159)
Options contracts:			
Fixed income options purchased	4,358	(30,338)	695,384
Fixed income options written	(16,803)	20,718	(443,660)
Credit default swaptions purchased	59	(472)	9,181
Credit default swaptions written	(257)	254	23,373
Interest rate swaptions purchased	3,813	1,626	(27,832)
Interest rate swaptions written	(6,693)	(4,563)	159,016
Swaps:			
Credit default swaps protection buyer	2,012	7,452	101,362
Credit default swaps protection seller	(38)	(194)	5,896
Interest rate swaps	14,609	25,412	900,728
Total return swaps	(13,134)	(15,892)	265,390
Total derivatives	<u>\$ (25,054)</u>	<u>\$ 7,265</u>	

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Credit Risk

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 June 30, 2022:

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	\$ 2,056	\$ (422)	\$ (422)	\$ (1,181)	\$ 31
Swaptions	3,872	(3,868)	(4)	-	-
	<u>\$ 5,928</u>	<u>\$ (4,290)</u>	<u>\$ (426)</u>	<u>\$ (1,181)</u>	<u>\$ 31</u>

Foreign currency forward contracts, certain swaps, and swaptions are exposed to counterparty credit risk. The IMB 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 investments that are subject to counterparty credit risk as of June 30, 2022:

Derivative Type	Counterparty Rating	Fair Value
Foreign currency forward contracts	A	\$ 1,228
Foreign currency forward contracts	BBB	1,546
Credit default swaptions purchased	A	59
Interest rate swaptions purchased	A	3,813

Interest Rate Risk

The following table provides the time to maturity for investment derivatives that are subject to interest rate risk as of June 30, 2022:

Derivative Type	Fair Value	Investment Maturities (in years)			
		Under-1	1-5	6-10	10+
Futures contracts:					
Fixed income futures long	\$ (25,101)	\$ (20,938)	\$ (4,163)	\$ -	\$ -
Fixed income futures short	9,900	8,814	1,086	-	-
Options contracts:					
Fixed income options purchased	4,358	4,358	-	-	-
Fixed income options written	(16,803)	(15,128)	(1,675)	-	-
Interest rate swaptions purchased	3,813	3,813	-	-	-
Interest rate swaptions written	(6,693)	(6,693)	-	-	-
Swaps:					
Interest rate swaps	14,609	-	(16,928)	12,902	18,635
	<u>\$ (15,917)</u>	<u>\$ (25,774)</u>	<u>\$ (21,680)</u>	<u>\$ 12,902</u>	<u>\$ 18,635</u>

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

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At June 30, 2022, the open positions in interest rate swaps denominated in U.S. dollars were as follows:

Maturity Date	Reference Rate	Notional	Fair Value
6/4/2024	Receive Fixed 0.82%, Pay Floating 3-Month Libor	\$ 126,612	\$ (2,930)
3/16/2027	Receive Fixed 1.16%, Pay Floating 3-Month Libor	142,500	(11,709)
5/5/2024	Receive Fixed 1.30%, Pay Floating 3-Month Libor	182,890	(6,291)
3/4/2027	Receive Fixed 1.55%, Pay Floating SOFR	14,432	(765)
2/15/2028	Receive Floating 3-Month Libor, Pay Fixed 1.35%	83,872	7,259
5/5/2032	Receive Floating 3-Month Libor, Pay Fixed 1.89%	38,580	3,842
5/15/2027	Receive Floating SOFR, Pay Fixed 0.71%	37,177	3,470
8/15/2028	Receive Floating SOFR, Pay Fixed 1.13%	34,164	3,113
8/15/2028	Receive Floating SOFR, Pay Fixed 1.22%	15,197	1,308
11/20/2026	Receive Floating SOFR, Pay Fixed 1.52%	41,770	1,297
2/15/2047	Receive Floating SOFR, Pay Fixed 1.52%	19,934	4,268
5/15/2047	Receive Floating SOFR, Pay Fixed 1.63%	26,740	5,212
8/15/2047	Receive Floating SOFR, Pay Fixed 1.65%	37,433	7,174
3/18/2032	Receive Floating SOFR, Pay Fixed 2.00%	7,385	486
2/15/2029	Receive Floating SOFR, Pay Fixed 2.85%	13,001	(83)
		\$ 821,687	\$ 15,651

At June 30, 2022, the open positions in interest rate swaps denominated in foreign currencies were as follows:

Maturity Date	Reference Rate	Notional (in USD)	Fair Value
7/20/2029	Receive Fixed 7.44%, Pay Floating MXN TIE	\$ 19,814	\$ (1,547)
7/18/2029	Receive Fixed 7.45%, Pay Floating MXN TIE	19,034	(1,476)
4/19/2047	Receive Floating JPY TONAR plus 0.06%, Pay Fixed 0.79%	40,193	1,981
		\$ 79,041	\$ (1,042)

Reference Index Definitions:

Libor: London Interbank Offered Rate

SOFR: Secured Overnight Financing Rate

MXN TIE: Mexican Interbank Deposit Rate

JPY TONAR: Bank of Japan Unsecured Overnight Call Rate

Total Return Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 investments in foreign currencies as of June 30, 2022, are as follows:

Currency	Foreign Currency Forward Contracts	Futures Contracts	Swap Contracts	Total
Australian Dollar	\$ 75	\$ (87)	\$ -	\$ (12)
Brazil Real	263	-	-	263
British Pound	106	761	-	867
Chinese Yuan Renminb	835	-	-	835
Euro Currency Unit	583	2,959	(79)	3,463
Indonesian Rupiah	190	-	-	190
Japanese Yen	47	-	1,981	2,028
Mexican Peso	122	-	(3,023)	(2,901)
Total foreign denominated derivatives	\$ 2,221	\$ 3,633	\$ (1,121)	\$ 4,733
U.S. Dollar	-	(18,834)	4,570	(14,264)
Total	\$ 2,221	\$ (15,201)	\$ 3,449	\$ (9,531)

NOTE 5. 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 June 30, 2022. The Pool's investments in commingled debt funds were valued using the net asset value per share, 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 5. FAIR VALUE MEASUREMENTS (continued)

Assets	Level 1	Level 2	Level 3	Total
Bank Loans	\$ -	\$ 2,980	\$ -	\$ 2,980
Corporate ABS residual	-	1,803	-	1,803
Corporate asset backed issues	-	76,488	-	76,488
Corporate CMO	-	81,472	-	81,472
Corporate preferred securities	10,423	-	-	10,423
Foreign asset backed issues	-	87,664	-	87,664
Foreign corporate bonds	-	352,447	-	352,447
Foreign currency forward contracts	-	2,774	-	2,774
Foreign equity investments	792	-	-	792
Foreign government bonds	-	194,192	-	194,192
Futures contracts	12,032	-	-	12,032
Money market mutual fund	130,798	-	-	130,798
Municipal bonds	-	22,293	-	22,293
Options contracts purchased	4,358	3,872	-	8,230
Securities lending collateral	125,567	-	-	125,567
Swaps	-	48,417	-	48,417
U.S. corporate bonds	-	458,781	-	458,781
U.S. Government agency bonds	-	28,382	-	28,382
U.S. Government agency CMO	-	76,540	-	76,540
U.S. Government agency CMO interest-only	-	4,565	-	4,565
U.S. Government agency MBS	-	315,433	-	315,433
U.S. Government agency TBAs	-	46,508	-	46,508
U.S. Treasury bonds	-	337,505	-	337,505
Total	<u>\$ 283,970</u>	<u>\$ 2,142,116</u>	<u>\$ -</u>	<u>\$ 2,426,086</u>
Commingled debt funds				242,023
Total				<u>\$ 2,668,109</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (553)	\$ -	\$ (553)
Futures contracts	(27,233)	-	-	(27,233)
Options contracts written	(16,803)	(6,950)	-	(23,753)
Swaps	-	(44,968)	-	(44,968)
Total	<u>\$ (44,036)</u>	<u>\$ (52,471)</u>	<u>\$ -</u>	<u>\$ (96,507)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2022. 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 6. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2022:

	Fair Value
Securities on loan	\$ 267,611
Collateral received:	
Cash	\$ 125,567
Non-cash	152,013
Total collateral received	\$ 277,580

NT, as agent for the IMB, loans the IMB'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 IMB 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.

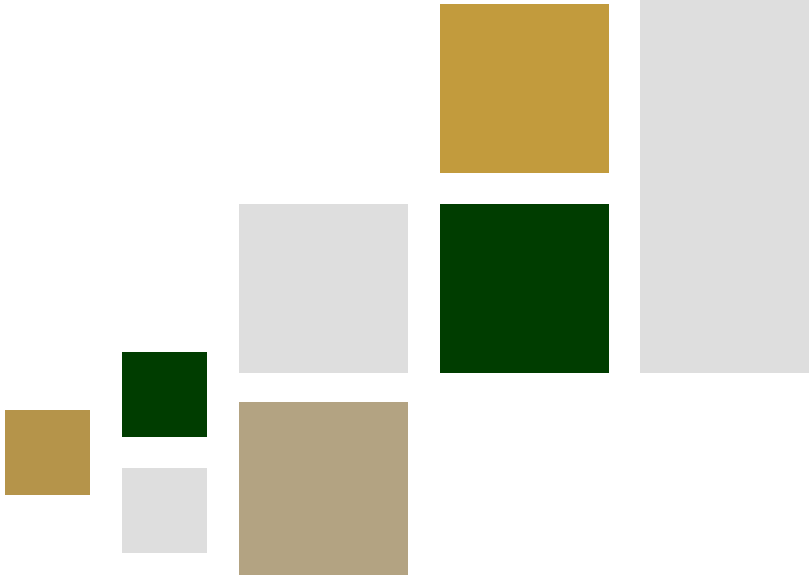
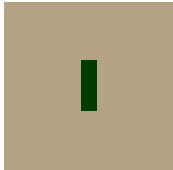
NOTE 7. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

Participant	Account Value
Teachers' Retirement System	\$ 844,704
Public Employees' Retirement System	762,545
Workers' Compensation Old Fund	273,607
Revenue Shortfall Reserve Fund - Part B	195,495
West Virginia Retiree Health Benefit Trust Fund	149,070
Revenue Shortfall Reserve Fund	116,364
State Police Death, Disability and Retirement Fund	74,796
West Virginia Department of Environmental Protection Agency	64,818
Coal Workers' Pneumoconiosis Fund	53,644
Board of Risk and Insurance Management	45,767
Public Employees Insurance Agency	33,321
State Police Retirement System	28,353
Deputy Sheriff's Retirement System	28,313
Judges' Retirement System	24,847
Workers' Compensation Self-Insured Employer Security Risk Pool	12,561
Emergency Medical Services Retirement System	10,857
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	9,212
Municipal Policemen's or Firemen's Pension and Relief Funds	7,251
Wildlife Endowment Fund	7,243
Workers' Compensation Uninsured Employers' Fund	4,027
Municipal Police Officers' and Firefighters' Retirement System	2,673
Natural Resources Police Officer Retirement System	2,365
West Virginia State Parks and Recreation Endowment Fund	1,403
West Virginia Department of Environmental Protection Trust	1,218
Berkeley County Development Authority	781
Total	\$ 2,755,235

AUDITED FINANCIAL STATEMENTS

June 30, 2022



Core Fixed Income Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis I-1

Statement of Net Position I-3

Statement of Changes in Net Position I-4

Notes to Financial Statements I-5

Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Core Fixed Income Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Core Fixed Income Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages I-1 through I-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

Core Fixed Income Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 1,118,950	\$ 1,385,345
Other assets	141,192	29,996
Total assets	1,260,142	1,415,341
Total liabilities	(71,497)	(99,514)
Net position	\$ 1,188,645	\$ 1,315,827

Core Fixed Income Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of fixed income securities. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$127,182 results from net investment loss of \$128,924 and a net increase from unit transactions of \$1,742.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (126,447)	\$ 15,271
Expenses	(2,477)	(1,935)
Net investment income (loss)	(128,924)	13,336
Net units issued	1,742	376,242
Increase (decrease) in net position	(127,182)	389,578
Net position, beginning of year	1,315,827	926,249
Net position, end of year	\$ 1,188,645	\$ 1,315,827

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments and interest received on fixed income securities.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (9.3) percent, down from 1.3 percent for the year ended June 30, 2021.

Select financial highlights are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 12.87	\$ 12.70
Net investment income (loss)	(1.21)	0.17
Net position, end of year	\$ 11.66	\$ 12.87

Supplemental Data:		
Ratio of expenses to average net position (a)	0.18%	0.17%

(a) The ratio is for the fiscal year and excludes securities lending expenses.

Core Fixed Income Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Fixed income investments	\$ 1,045,593
Money market mutual fund	13,437
Securities lending collateral	59,920
Receivables:	
Interest, dividends, and other investment income	4,594
Investments sold	<u>136,598</u>
Total assets	1,260,142

Liabilities

Accrued expenses	575
Payable for investments purchased	11,002
Payable upon return of securities loaned	<u>59,920</u>
Total liabilities	<u>71,497</u>
Net position	<u><u>\$ 1,188,645</u></u>

Unit data

Units outstanding	101,898,606
Net position, unit price	<u><u>\$ 11.66</u></u>

See accompanying notes to financial statements.

Core Fixed Income Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment income (loss)

Net decrease in fair value of investments	\$ (161,223)
Interest and dividends	34,501
Securities lending income	<u>275</u>

Total investment loss (126,447)

Expenses

Investment advisor fees	(1,977)
Custodian bank fees	(39)
Management and other allocated fees	(352)
Securities lending expenses	<u>(109)</u>

Total expenses (2,477)

Net investment loss (128,924)

Unit transactions

Proceeds from sale of units	180,959
Amount paid for repurchase of units	<u>(179,217)</u>

Net increase from unit transactions 1,742

Decrease in net position (127,182)

Net position, beginning of year 1,315,827

Net position, end of year \$ 1,188,645

See accompanying notes to financial statements.

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's Core Fixed Income Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees. JP Morgan Investment Advisors, Inc. manages this Pool.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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 portfolio securities 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.
- 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 IMB's established procedures.

Core Fixed Income Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Lending - The IMB, 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 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 consistent with the preservation of capital and maintenance of liquidity. 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 IMB 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 IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB 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 IMB 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 and/or principal-only tranches, asset-backed securities, 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 IMB'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 IMB pays all expenses on behalf of the Pool.

Income Taxes - The IMB 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 June 30, 2022.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2022:

Rating	Fair Value
AAA	\$ 27,651
AA	582,782
A	87,108
BBB	220,969
BB	10,347
B	506
CCC	151
D	32
Withdrawn	2,160
Total rated	931,706
Not rated	113,887
Total fixed income investments	\$ 1,045,593

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Core Fixed Income Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2022, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2022, the WAM for the Cash Collateral Account was 1 day.

The IMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation considers the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30, 2022:

Investment Type	Fair Value	Effective Duration (years)
Corporate asset backed issues	\$ 126,155	2.3
Corporate CMO	95,908	2.2
Corporate CMO interest-only	141	(0.1)
Corporate CMO principal-only	28	2.5
Foreign asset backed issues	2,441	0.0*
Foreign corporate bonds	75,517	5.6
Foreign government bonds	2,731	11.7
Municipal bonds	9,051	10.8
U.S. corporate bonds	178,510	7.7
U.S. Government agency CMO	98,468	4.4
U.S. Government agency CMO interest-only	2,246	7.1
U.S. Government agency CMO principal-only	2,246	5.0
U.S. Government agency MBS	166,732	5.1
U.S. Treasury bonds	285,419	8.7
Total fixed income investments	<u>\$ 1,045,593</u>	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2022, the Pool held \$494,365 of these securities. This represents approximately 47 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

Core Fixed Income Pool

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.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2022:

Assets	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 126,155	\$ -	\$ 126,155
Corporate CMO	-	95,908	-	95,908
Corporate CMO interest-only	-	141	-	141
Corporate CMO principal-only	-	28	-	28
Foreign asset backed issues	-	2,441	-	2,441
Foreign corporate bonds	-	75,517	-	75,517
Foreign government bonds	-	2,731	-	2,731
Money market mutual fund	13,437	-	-	13,437
Municipal bonds	-	9,051	-	9,051
Securities lending collateral	59,920	-	-	59,920
U.S. corporate bonds	-	178,510	-	178,510
U.S. Government agency CMO	-	98,468	-	98,468
U.S. Government agency CMO interest-only	-	2,246	-	2,246
U.S. Government agency CMO principal-only	-	2,246	-	2,246
U.S. Government agency MBS	-	166,732	-	166,732
U.S. Treasury bonds	-	285,419	-	285,419
Total	<u>\$ 73,357</u>	<u>\$ 1,045,593</u>	<u>\$ -</u>	<u>\$ 1,118,950</u>

Core 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 June 30, 2022:

	Fair Value
Securities on loan	\$ 128,284
Collateral received:	
Cash	\$ 59,920
Non-cash	73,135
Total collateral received	\$ 133,055

NT, as agent for the IMB, loans the IMB'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 IMB 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

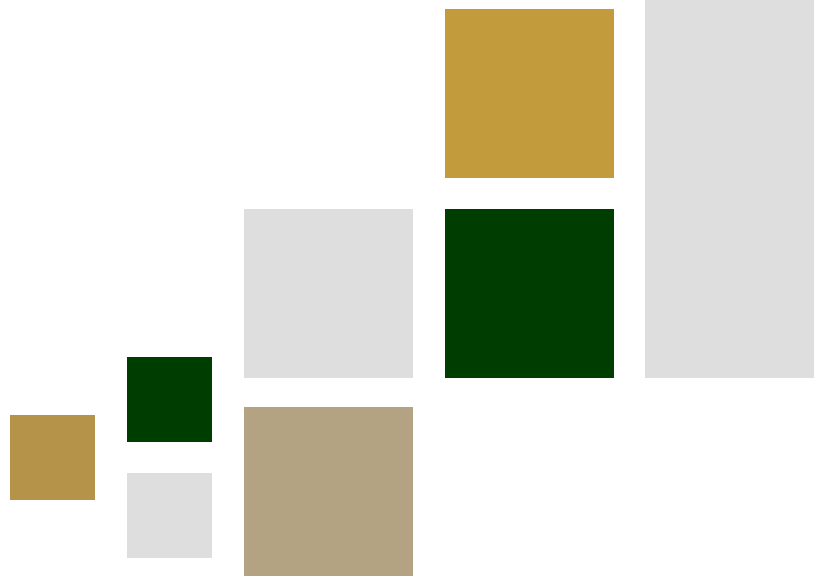
The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

Participant	Account Value
Teachers' Retirement System	\$ 367,428
Public Employees' Retirement System	329,794
Workers' Compensation Old Fund	117,279
Revenue Shortfall Reserve Fund - Part B	84,450
West Virginia Retiree Health Benefit Trust Fund	64,520
Revenue Shortfall Reserve Fund	50,093
State Police Death, Disability and Retirement Fund	32,338
West Virginia Department of Environmental Protection Agency	28,018
Coal Workers' Pneumoconiosis Fund	23,163
Board of Risk and Insurance Management	19,777
State Police Retirement System	12,250
Deputy Sheriff's Retirement System	12,212
Public Employees Insurance Agency	10,862
Judges' Retirement System	10,710
Workers' Compensation Self-Insured Employer Security Risk Pool	5,427
Emergency Medical Services Retirement System	4,706
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,978
Municipal Policemen's or Firemen's Pension and Relief Funds	3,132
Wildlife Endowment Fund	3,120
Workers' Compensation Uninsured Employers' Fund	1,739
Municipal Police Officers' and Firefighters' Retirement System	1,155
Natural Resources Police Officer Retirement System	1,024
West Virginia State Parks and Recreation Endowment Fund	607
West Virginia Department of Environmental Protection Trust	525
Berkeley County Development Authority	338
Total	\$ 1,188,645

AUDITED FINANCIAL STATEMENTS
June 30, 2022

J

TIPS POOL



TIPS Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis

J-1

Statement of Net Position

J-3

Statement of Changes in Net Position

J-4

Notes to Financial Statements

J-5

Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board TIPS Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the TIPS Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages J-1 through J-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

TIPS Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 440,765	\$ 478,962
Total liabilities	(37)	(34)
Net position	<u>\$ 440,728</u>	<u>\$ 478,928</u>

TIPS Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the movement of interest rates of the U.S. Treasury securities held in the index referenced above. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$38,200 results from net investment loss of \$24,433 and a net decrease from unit transactions of \$13,767.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income (loss)	\$ (24,222)	\$ 23,442
Expenses	(211)	(167)
Net investment income (loss)	(24,433)	23,275
Net units issued (redeemed)	(13,767)	165,019
Increase (decrease) in net position	(38,200)	188,294
Net position, beginning of year	478,928	290,634
Net position, end of year	\$ 440,728	\$ 478,928

The investment income (loss) of the Pool consists primarily of the net increase (decrease) in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was (5.2) percent, down from 6.6 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 13.83	\$ 12.98
Net investment income (loss)	(0.72)	0.85
Net position, end of year	\$ 13.11	\$ 13.83

Supplemental Data:

Ratio of expenses to average net position (a)	0.04%	0.05%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee fund.

TIPS Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investment in commingled bond fund at fair value \$ 440,765

Liabilities

Accrued expenses 37

Net position \$ 440,728

Unit data

Units outstanding 33,608,493

Net position, unit price \$ 13.11

See accompanying notes to financial statements.

TIPS Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment loss

Net decrease in fair value of investments \$ (24,222)

Expenses

Investment advisor fees (82)

Custodian bank fees (1)

Management and other allocated fees (128)

Total expenses (211)

Net investment loss (24,433)

Unit transactions

Proceeds from sale of units 32,667

Amount paid for repurchase of units (46,434)

Net decrease from unit transactions (13,767)

Decrease in net position (38,200)

Net position, beginning of year 478,928

Net position, end of year \$ 440,728

See accompanying notes to financial statements.

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's TIPS Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. The Pool invests in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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.

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 IMB'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.

TIPS Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses - The IMB'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 IMB 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 IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool invests in a commingled bond fund that holds primarily U.S. Treasury inflation protected securities. This investment is exposed to credit and interest rate risk. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. As of June 30, 2022, the commingled bond fund was rated AA. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. As of June 30, 2022, the commingled bond fund had an effective duration of 6.89 years. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

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.

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2022:

Assets	Level 1	Level 2	Level 3	Total
Commingled bond fund	\$ 440,765	\$ -	\$ -	\$ 440,765

TIPS Pool

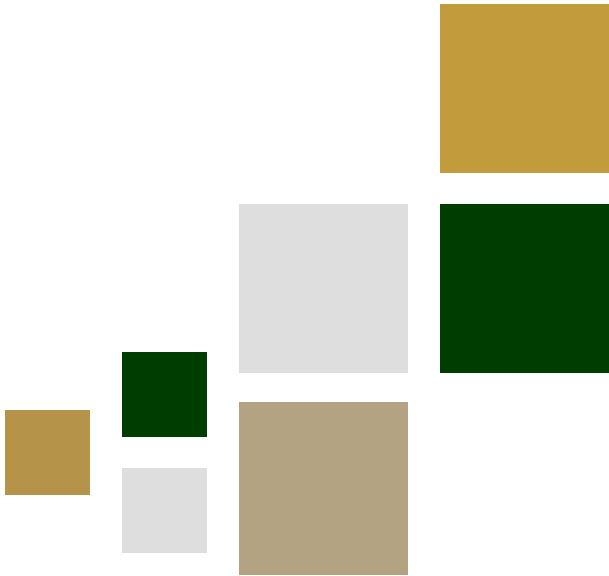
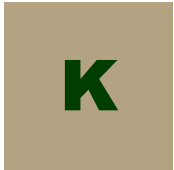
Notes to Financial Statements (Amounts in thousands)

NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Revenue Shortfall Reserve Fund	\$ 163,345
Revenue Shortfall Reserve Fund - Part B	113,022
Workers' Compensation Old Fund	90,674
Public Employees Insurance Agency	24,630
Coal Workers' Pneumoconiosis Fund	21,186
Board of Risk and Insurance Management	17,796
Workers' Compensation Self-Insured Employer Security Risk Pool	4,927
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	3,589
Workers' Compensation Uninsured Employers' Fund	1,559
Total	<u>\$ 440,728</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022



Private Markets Pool

Audited Financial Statements June 30, 2022

Table of Contents

Independent Auditors' Report

Management's Discussion and Analysis K-1

Statement of Net Position K-3

Statement of Changes in Net Position K-4

Notes to Financial Statements K-5

Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Private Markets Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Private Markets Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages K-1 through K-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

September 16, 2022

Private Markets Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Private Markets Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 6,127,217	\$ 5,915,403
Other assets	14,910	13,942
Total assets	6,142,127	5,929,345
Total liabilities	(53,352)	(8,601)
Net position	\$ 6,088,775	\$ 5,920,744

Private Markets Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the global investment markets. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The increase in the Pool's net position of \$168,031 results from net investment income of \$654,452 and a net decrease from unit transactions of \$486,421.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income	\$ 667,499	\$ 1,455,775
Expenses	(13,047)	(12,446)
Net investment income	654,452	1,443,329
Net units redeemed	(486,421)	(330,130)
Increase in net position	168,031	1,113,199
Net position, beginning of year	5,920,744	4,807,545
Net position, end of year	\$ 6,088,775	\$ 5,920,744

The investment income of the Pool consists primarily of the net increase in fair value of investments and income distributions from limited partnerships.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was 11.4 percent, down from 31.5 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 27.25	\$ 20.72
Net investment income	3.12	6.53
Net position, end of year	\$ 30.37	\$ 27.25

Supplemental Data:

Ratio of expenses to average net position (a)	0.22%	0.25%
---	-------	-------

- (a) The ratio is for the fiscal year, does not reflect the Pool's proportionate share of expenses of the underlying investee funds, and excludes securities lending expenses.

Private Markets Pool

Statement of Net Position

June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Alternative investments	\$ 5,713,829
Equity investments	237,821
Fixed income investments	10,767
Money market mutual fund	113,410
Securities lending collateral	51,390
Cash	8
Receivables:	
Income distributions from real estate limited partnerships and funds	12,159
Interest, dividends, and other investment income	2,743
	<hr/>
Total assets	6,142,127

Liabilities

Accrued expenses	1,962
Payable upon return of securities loaned	51,390
	<hr/>
Total liabilities	53,352
	<hr/>
Net position	\$ 6,088,775

Unit data

Units outstanding	200,487,451
Net position, unit price	\$ 30.37

See accompanying notes to financial statements.

Private Markets Pool

Statement of Changes in Net Position Year Ended June 30, 2022 (Amounts in thousands)

Investment income

Net increase in fair value of investments	\$	488,834
Income from partnerships and funds		163,321
Interest and dividends		11,647
Fund closing interest		3,418
Securities lending income		<u>279</u>

Total investment income 667,499

Expenses

Investment advisor fees		(1,090)
Custodian bank fees		(36)
Management and other allocated fees		(1,549)
Professional service fees - direct		(1,529)
Management fees - external		(8,366)
Fund closing costs		(441)
Securities lending expenses		<u>(36)</u>

Total expenses (13,047)

Net investment income 654,452

Unit transactions

Proceeds from sale of units		105,605
Amount paid for repurchase of units		<u>(592,026)</u>

Net decrease from unit transactions (486,421)

Increase in net position 168,031

Net position, beginning of year 5,920,744

Net position, end of year \$ 6,088,775

See accompanying notes to financial statements.

Private Markets Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's Private Markets Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The Pool primarily holds the IMB'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 LP, and Verus have been retained by the IMB 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 Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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 portfolio securities 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 not securities for which market quotations are readily available. The IMB 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 IMB'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 IMB 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 IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2022.
- 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

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 IMB'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 IMB, 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 consistent with the preservation of capital and maintenance of liquidity. 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 IMB 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 IMB has the right under the lending agreement to recover the securities from the borrower on demand. The IMB 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 IMB 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 IMB 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.

Private Markets Pool

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 IMB'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 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 IMB 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 IMB 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 June 30, 2022.

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.

NOTE 3. INVESTMENT RISK DISCLOSURES

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated private credit & income funds, and the Cash Collateral Account. The IMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. Credit risk associated with the unrated private credit & income funds are limited by requiring that underlying fund holdings are at least 90 percent collateralized by one or more assets of the borrower.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2022:

Rating	Fair Value
A	\$ 276
BBB	8,742
BB	1,487
B	262
Total fixed income investments	<u>\$ 10,767</u>

Concentration of Credit Risk

The Pool's investments in alternative investment funds might be indirectly exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2022, the Pool held no securities that were directly subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of the IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. The alternative investments are not considered securities for the purposes of custodian credit risk. All remaining securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, private credit & income funds, the money market mutual fund, and the Cash Collateral Account. The IMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2022, the effective duration for U.S. corporate bonds was 5.4 years. The IMB manages interest rate risk of the private credit & income funds by investing primarily in funds that originate or invest in loans that have a variable or floating interest rates, most of these investments have relatively short durations, and final maturities within three- to five-years. As of June 30, 2022, the money market mutual fund has a weighted average maturity (WAM) of 41 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2022, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies that are exposed to foreign currency risks. The investments in private credit & income funds and private equity partnerships might be indirectly exposed to foreign currency risk.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 3. INVESTMENT RISK DISCLOSURES (continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2022, are as follows:

Currency	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 4,111	\$ -	\$ -	\$ 4,111
British Pound	2,914	-	-	2,914
Canadian Dollar	3,588	48,146	-	51,734
Euro Currency Unit	6,846	102,407	-	109,253
Hong Kong Dollar	5,484	-	-	5,484
Japanese Yen	8,841	-	8	8,849
Singapore Dollar	2,799	-	-	2,799
Swedish Krona	842	-	-	842
Total foreign denominated investments	\$ 35,425	\$ 150,553	\$ 8	\$ 185,986
U.S. Dollar	713	2,070,371	-	2,071,084
Total	\$ 36,138	\$ 2,220,924	\$ 8	\$ 2,257,070

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 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.

Private Markets 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 June 30, 2022. 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. As such, they have not been categorized in the fair value hierarchy table.

Assets	Level 1	Level 2	Level 3	Total
Foreign common stock	\$ 36,138	\$ -	\$ -	\$ 36,138
Money market mutual fund	113,410	-	-	113,410
Securities lending collateral	51,390	-	-	51,390
U.S. common stock	189,397	-	-	189,397
U.S. corporate bonds	-	10,767	-	10,767
U.S. preferred stock	12,286	-	-	12,286
Total	<u>\$ 402,621</u>	<u>\$ 10,767</u>	<u>\$ -</u>	<u>\$ 413,388</u>
Private credit & income funds				735,089
Private equity partnerships				2,757,816
Real estate limited partnerships and funds				2,220,924
Total				<u>\$ 6,127,217</u>

The following table presents information on investments measured at the NAV as of June 30, 2022:

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range	Redemption Frequency (a)	Redemption Notice Period
Private credit & income funds:					
Commercial Debt (b)	\$ 432,769	\$ 191,331	2026 to 2029	N/A	N/A
Real Estate Debt (c)	302,320	154,056	2022 to 2031	Quarterly	45 days
Private equity partnerships:					
Corporate Finance - Buyout (d)	1,739,433	604,305	2022 to 2035	N/A	N/A
Corporate Finance - Distressed Debt (e)	44,383	16,263	2022 to 2023	N/A	N/A
Corporate Finance - Growth Equity (f)	125,251	84,609	2023 to 2031	N/A	N/A
Corporate Finance - Hard Assets (g)	133,978	29,075	2022 to 2028	N/A	N/A
Corporate Finance - Mezzanine (h)	1,800	480	2022	N/A	N/A
Corporate Finance - Structured Capital (i)	83,547	25,774	2023 to 2028	N/A	N/A
Corporate Finance - Turnaround (j)	107,257	67,813	2022 to 2032	N/A	N/A
Venture Capital (k)	522,167	57,826	2023 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core (l)	1,261,147	110,000	2022	Quarterly	30-60 days
Opportunistic (m)	275,488	335,654	2022 to 2031	N/A	N/A
Value (n)	684,289	591,894	2022 to 2033	Quarterly	90 days
Total	<u>\$ 5,713,829</u>	<u>\$ 2,269,080</u>			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
(b) Commercial Debt funds seek to generate income while preserving capital through investments primarily in senior-secured loans to business enterprises.
(c) Real Estate Debt funds seek to generate income while preserving capital through investments in real estate mortgage and debt investments.

Private Markets Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

- (d) Corporate Finance - Buyout funds acquire controlling or influential interests in companies.
- (e) 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.
- (f) Corporate Finance - Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (g) Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (h) Corporate Finance - Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (i) Corporate Finance – Structured Capital funds combine common equity, preferred equity, fixed-income, and/or customized debt instruments to offer capital appreciation with downside protection.
- (j) 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.
- (k) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (l) 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.
- (m) 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.
- (n) 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 5. SECURITIES LENDING

The following table presents the amounts of various accounts related to securities lending at June 30, 2022:

	Fair Value
Securities on loan	\$ 58,426
Collateral received:	
Cash	\$ 51,390
Non-cash	9,199
Total collateral received	<u>\$ 60,589</u>

NT, as agent for the IMB, loans the IMB'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 IMB 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

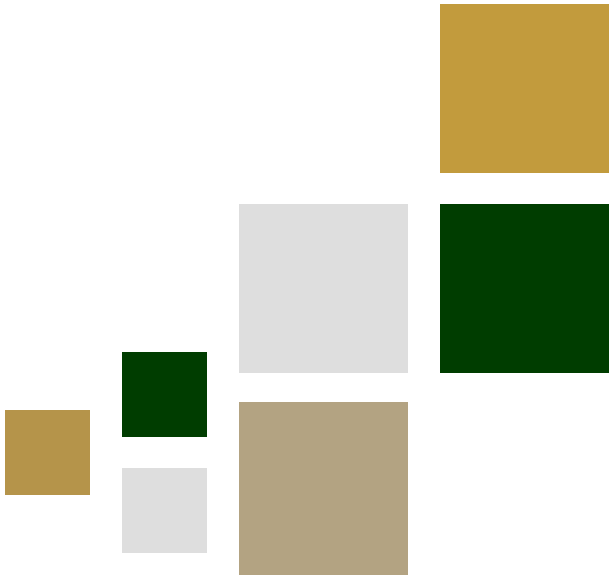
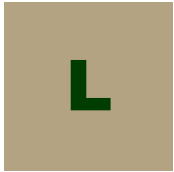
Notes to Financial Statements (Amounts in thousands)

NOTE 6. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 2,663,077
Public Employees' Retirement System	2,395,882
West Virginia Retiree Health Benefit Trust Fund	450,798
State Police Death, Disability and Retirement Fund	230,448
Deputy Sheriff's Retirement System	87,641
State Police Retirement System	86,188
Judges' Retirement System	77,474
Emergency Medical Services Retirement System	33,526
Wildlife Endowment Fund	21,968
Municipal Policemen's or Firemen's Pension and Relief Funds	20,191
Municipal Police Officers' and Firefighters' Retirement System	7,852
Natural Resources Police Officer Retirement System	7,258
West Virginia State Parks and Recreation Endowment Fund	4,115
Berkeley County Development Authority	2,357
Total	<u>\$ 6,088,775</u>

AUDITED FINANCIAL STATEMENTS
June 30, 2022



Hedge Fund Pool

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis

L-1

Statement of Net Position

L-3

Statement of Changes in Net Position

L-4

Notes to Financial Statements

L-5



Report of Independent Auditors

To the Board of Trustees
West Virginia Investment Management Board

Opinion

We have audited the financial statements of the West Virginia Investment Management Board Hedge Fund Pool (the Pool) which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Changes in Net Position for the year ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool at June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Presentation

As discussed in Note 1, the financial statements present only the Hedge Fund Pool and do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board, at June 30, 2022, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages L-1 through L-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young LLP

August 26, 2022

Hedge Fund Pool

Management Discussion and Analysis (Unaudited)

The West Virginia Investment Management Board (IMB) 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. The IMB operates on a fiscal year beginning July 1 and ending June 30. To effectuate its purpose, the IMB has constructed a series of investment pools in which to invest participating entities' monies.

The following information and the accompanying financial statements reflect only the investments and investment related operations of the IMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, or any other assets or liabilities, or restrictions thereon, or the various investment pool participants. Accordingly, the information contained in this Management Discussion and Analysis and the following financial statements are not intended to and do not present the comprehensive financial position and operations of the IMB or any of the investment pool participants. The Management Discussion and Analysis information should be considered in conjunction with the information contained in the audited financial statements which follow this section.

Financial Statement Overview

Management's Discussion and Analysis is an introduction to the Pool's basic financial statements. The IMB 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. Accordingly, the financial statements presented have been prepared in conformity with the reporting framework prescribed by GASB for external investment pools. The financial statements for the Pool include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements.

Pool Strategy

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 FTSE 3 Month US T-Bill Index plus 500 basis points.

Condensed Financial Information and Analysis (in \$000s)

The Statement of Net Position presents the financial position of the Pool as of June 30, 2022 and includes all assets and liabilities of the Pool. The difference between total assets and total liabilities, which is equal to the participants' interest in the Pool's net position, is shown below for the current and prior fiscal year-end dates:

Condensed Net Position	June 30, 2022	June 30, 2021
Investments	\$ 2,282,106	\$ 2,317,162
Other assets	14,479	86,060
Total assets	2,296,585	2,403,222
Total liabilities	(174)	(169)
Net position	\$ 2,296,411	\$ 2,403,053

Hedge Fund Pool

Management Discussion and Analysis (Unaudited)

Yearly variances in the net position of the Pool are primarily impacted by the overall performance of the global investment markets. Net position is also impacted by expenses charged to the Pool and the issuance and redemption of Pool units. The decrease in the Pool's net position of \$106,642 results from net investment income of \$36,633 and a net decrease from unit transactions of \$143,275.

The Statement of Changes in Net Position presents the Pool's activity for the year.

Condensed Changes in Net Position	Years Ended	
	June 30, 2022	June 30, 2021
Investment income	\$ 37,659	\$ 372,948
Expenses	(1,026)	(1,023)
Net investment income	36,633	371,925
Net units redeemed	(143,275)	(2,960)
Increase (decrease) in net position	(106,642)	368,965
Net position, beginning of year	2,403,053	2,034,088
Net position, end of year	\$ 2,296,411	\$ 2,403,053

The investment income of the Pool is primarily from the net increase in fair value of investments.

The IMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. The return of the Pool (net of fees) for the year ended June 30, 2022 was 1.6 percent, down from 18.5 percent for the year ended June 30, 2021.

Select financial highlights for the Pool are as follows:

Per Unit Operating Performance:	Years Ended	
	June 30, 2022	June 30, 2021
Net position, beginning of year	\$ 18.13	\$ 15.30
Net investment income	0.28	2.83
Net position, end of year	\$ 18.41	\$ 18.13

Supplemental Data:

Ratio of expenses to average net position (a)	0.04%	0.05%
---	-------	-------

- (a) The ratio is for the fiscal year and does not reflect the Pool's proportionate share of expenses of the underlying investee funds.

Hedge Fund Pool

Statement of Net Position June 30, 2022

(Amounts in thousands, except unit data)

Assets

Investments, at fair value:	
Hedge funds	\$ 2,281,790
Money market mutual fund	316
Receivables:	
Investment funds redeemed	14,343
Interest and dividends	<u>136</u>
Total assets	2,296,585

Liabilities

Accrued expenses	<u>174</u>
Net position	<u>\$ 2,296,411</u>

Unit data

Units outstanding	124,705,419
Net position, unit price	<u><u>\$ 18.41</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Statement of Changes in Net Position
Year Ended June 30, 2022
(Amounts in thousands)

Investment income

Net increase in fair value of investments	\$ 37,639
Interest and dividend income	<u>20</u>
Total investment income	37,659

Expenses

Professional service fees - direct	(419)
Management and other allocated fees	<u>(607)</u>
Total expenses	<u>(1,026)</u>
Net investment income	36,633

Unit transactions

Proceeds from sale of units	72,729
Amount paid for repurchase of units	<u>(216,004)</u>
Net decrease from unit transactions	<u>(143,275)</u>
Decrease in net position	(106,642)
Net position, beginning of year	<u>2,403,053</u>
Net position, end of year	<u><u>\$ 2,296,411</u></u>

See accompanying notes to financial statements.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (IMB) 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 IMB. 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 IMB 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 IMB's Hedge Fund Pool (Pool). They do not reflect activity of the other investment pools under the control of the IMB or the Administrative Fund of the IMB, 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 IMB or any of the investment pool participants.

The IMB 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 IMB'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 FTSE 3 Month US T-Bill Index plus 500 basis points. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation - The IMB 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 portfolio securities is determined on the last business day of each month as follows:

- Investments in hedge funds are not securities for which market quotations are readily available. The IMB 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 IMB'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 IMB 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 IMB believes that the net asset value of such investments is a reasonable estimate of fair value as of June 30, 2022.
- 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 IMB's established procedures.

Hedge Fund Pool

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.

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 IMB'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 IMB 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 IMB 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 June 30, 2022.

NOTE 3. INVESTMENT RISK DISCLOSURES

The Pool holds shares in hedge funds and shares of a money market mutual fund. As of June 30, 2022, the money market mutual fund has the highest credit rating and has a weighted average maturity of 41 days. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk, interest rate risk, and/or custodial credit risk. The Pool is restricted from investing more than 10 percent of the value of the Pool with any single manager. At June 30, 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

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 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.

Hedge Fund Pool

Notes to Financial Statements (Amounts in thousands)

NOTE 4. 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.

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 June 30, 2022. All of the Pool's investments in hedge funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

Assets	Level 1	Level 2	Level 3	Total
Money market mutual fund	\$ 316	\$ -	\$ -	\$ 316
Hedge funds				2,281,790
Total				<u>\$ 2,282,106</u>

The following table presents information on investments measured at the NAV as of June 30, 2022:

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 262,986	Monthly, Quarterly	5 to 30 days
Equity long/short (b)	414,512	Quarterly	45 to 90 days
Event-driven (c)	128,252	Quarterly	180 days
Long-biased (d)	77,743	Monthly	90 days
Multi-strategy (e)	1,115,440	Monthly, Quarterly, Semiannually	45 to 95 days
Relative-value (f)	229,844	Weekly, Quarterly	5 to 60 days
	<u>2,228,777</u>		
In liquidation (g)	53,013		
Total investments measured at the NAV	<u>\$ 2,281,790</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) 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 64 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. The sole fund in this investment strategy is 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.

Hedge Fund Pool

Notes to Financial Statements

(Amounts in thousands)

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

- (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. Investments representing approximately 82 percent of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (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 60 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.

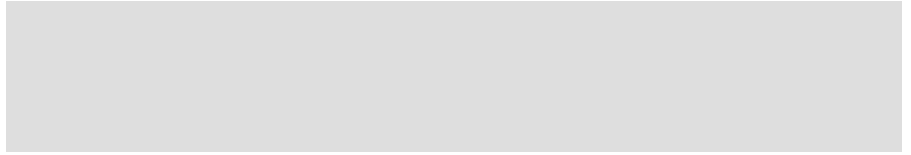
NOTE 5. SCHEDULE OF PARTICIPATION

The following schedule provides the value of participants' accounts in the Pool at June 30, 2022:

<u>Participant</u>	<u>Account Value</u>
Teachers' Retirement System	\$ 871,643
Public Employees' Retirement System	784,187
West Virginia Retiree Health Benefit Trust Fund	147,439
Workers' Compensation Old Fund	131,084
State Police Death, Disability and Retirement Fund	75,426
West Virginia Department of Environmental Protection Agency	43,224
Coal Workers' Pneumoconiosis Fund	40,909
Board of Risk and Insurance Management	34,744
Public Employees Insurance Agency	32,055
Deputy Sheriff's Retirement System	28,665
State Police Retirement System	28,193
Judges' Retirement System	25,337
Emergency Medical Services Retirement System	10,966
Workers' Compensation Self-Insured Employer Security Risk Pool	9,563
Wildlife Endowment Fund	7,186
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	6,998
Municipal Policemen's or Firemen's Pension and Relief Funds	6,604
Workers' Compensation Uninsured Employers' Fund	3,051
Municipal Police Officers' and Firefighters' Retirement System	2,570
Natural Resources Police Officer Retirement System	2,375
West Virginia Department of Environmental Protection Trust	2,073
West Virginia State Parks and Recreation Endowment Fund	1,348
Berkeley County Development Authority	771
Total	<u>\$ 2,296,411</u>

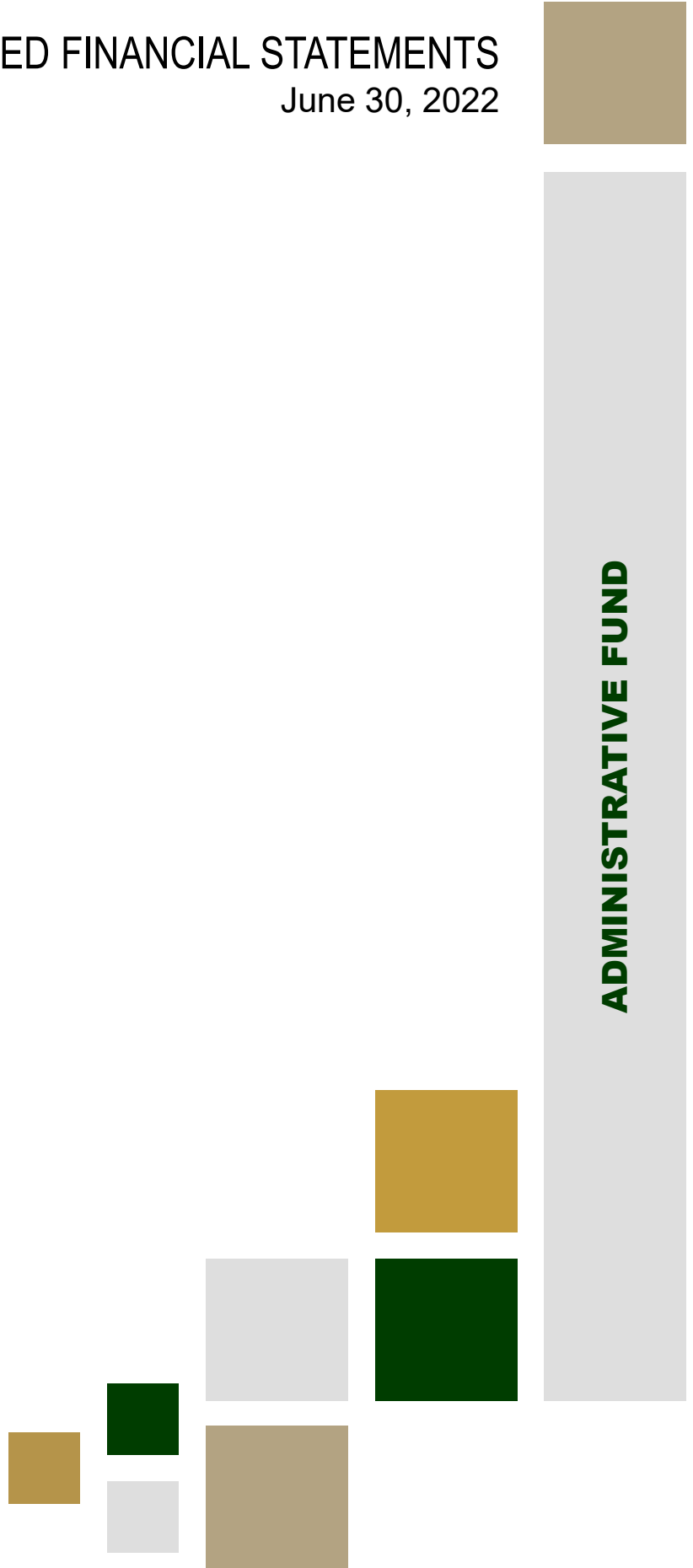


AUDITED FINANCIAL STATEMENTS



ADMINISTRATIVE FUND
Year Ended June 30, 2022

AUDITED FINANCIAL STATEMENTS
June 30, 2022



Administrative Fund

Audited Financial Statements June 30, 2022

Table of Contents

Report of Independent Auditors

Management's Discussion and Analysis i

Statement of Net Position 1

Statement of Revenues, Expenses, and Changes in Net Position 2

Statement of Cash Flows 3

Notes to Financial Statements 4



Ernst & Young LLP
900 United Center
500 Virginia Street East
Charleston, West Virginia 25301

Tel: +1 304 343 8971
Fax: +1 304 357 5994
ey.com

Report of Independent Auditors

The Board of Trustees
The West Virginia Investment Management Board

Opinion

We have audited the accompanying financial statements of the West Virginia Investment Management Board Administrative Fund, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the West Virginia Investment Management Board Administrative Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Investment Management Board Administrative Fund at June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Virginia Investment Management Board Administrative Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Presentation

As described in Note 1, the financial statements present only the Administrative Fund of the West Virginia Investment Management Board and do not include the financial position and results of operations of the West Virginia Investment Management Board for any of their investment pools. These financial statements do not purport to, and do not, present fairly the financial position of the West Virginia Investment Management Board for any of their investment pools at June 30, 2022, and changes in its financial position, and cash flows thereof, for the year ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Adoption of GASB Statement No. 87, "Leases"

As discussed in Note 3 to the financial statements, in 2022, the Fund adopted new accounting guidance related to leases as a result of the adoption of Government Accounting Standards Board No. 87, "Leases." Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Virginia Investment Management Board Administrative Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

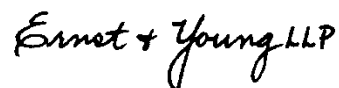
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Virginia Investment Management Board Administrative Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Virginia Investment Management Board Administrative Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-iii be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



August 26, 2022

Administrative Fund

Management's Discussion and Analysis

This discussion and analysis of the West Virginia Investment Management Board's (IMB) financial performance provides an overview of the IMB's administrative financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the IMB Administrative Fund basic financial statements, which follow this discussion. The IMB operates investment pools and issues separate audited financial statements on the investment pools.

FINANCIAL HIGHLIGHTS

- The IMB is required by law to charge a fee sufficient to cover the cost of providing investment management services. Investment service fee revenues were \$49.8 million, as compared to \$44.2 million for the previous fiscal year. The change primarily results from increases of \$5.1 million in advisor fees, \$296,000 in professional service, and \$214,000 in administrative expenses. Average assets of the investment pools managed by the IMB increased by \$2.5 billion from the previous year.
- Fees paid to outside investment advisors increased by \$5.1 million over the previous year. The average expense ratio for investment advisor fees across all pools was 17.8 basis points for the year, as compared to 15.5 basis points for the previous year. The reasons for the increase in advisor fees are as follows:
 - An increase in base fees of \$4.6 million in the Portable Alpha, Non-Large Cap Domestic Equity, International Qualified, International Nonqualified, Total Return Fixed Income, Core Fixed Income, TIPS, and Private Markets Pools due to an increase in assets under management. These were offset by decreases of \$2.5 million in the Large Cap Domestic Equity, International Equity, and Short-Term Fixed Income Pools due to a decrease in assets under management.
 - An increase in performance fees of \$3.2 million in the Non-Large Cap Domestic Equity and Core Fixed Income Pools and an offsetting decrease of \$234,000 in the Private Markets Pool.
- Fees for professional services increased by \$296,000, primarily attributable to an increase in legal fees.
- Administrative expenses increased by \$214,000 from the previous year. The expense ratio for administrative expenses was 2.4 basis points of average net assets, as compared to 2.3 basis points for the prior year. Salaries increased by \$152,000 from \$2.9 million to \$3.0 million. In total, administrative expenses were \$1.3 million lower than the expenses included in the fiscal year budget approved by the Board of Trustees.

THE FINANCIAL REPORTS

This financial report consists of three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements include all assets and liabilities of the IMB Administrative Fund using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting takes into account all revenues and expenses regardless of when cash is received or paid. These statements give an overall perspective of the IMB Administrative Fund's financial position and the changes in the financial position during the current fiscal year.

The Statement of Net Position presents the IMB Administrative Fund's assets and liabilities, with the difference between the two reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position describes how the IMB Administrative Fund's net position changed during the fiscal year. The Statement of Cash Flows identifies the sources of cash received by the IMB Administrative Fund and how that cash was used in the IMB Administrative Fund's activities during the year. The ending cash presented in this statement is a significant portion of the IMB Administrative Fund's assets as reported in the Statement of Net Position. This statement also contains a reconciliation of the operating loss as reported in the Statement of Revenues, Expenses, and Changes in Net Position to the cash provided by the IMB Administrative Fund's operating activities during the year.

Administrative Fund

Management's Discussion and Analysis

FINANCIAL ANALYSIS

The IMB Administrative Fund's total assets as of June 30, 2022, were \$15.3 million, and were mostly comprised of cash and cash equivalents and receivables for investment service fees. This combined total was \$1.8 million more than the previous year.

Total liabilities as of June 30, 2022, were \$10.6 million, and were mostly comprised of invoices payable and accrued liabilities for investment management and consulting fees, custodial fees, and administrative expenses. This combined total was \$1.8 million more than the previous year.

These changes can be attributed to fluctuations in the timing of receipts and disbursements made in the normal course of business and the recognition of a right-to-use lease asset and corresponding liability.

Table 1 Net Position and Assets Under Management (In thousands)	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$ 4,700	\$ 4,451
Receivables	9,055	8,856
Other assets	1,594	219
Total assets	<u>15,349</u>	<u>13,526</u>
Total liabilities	<u>(10,611)</u>	<u>(8,810)</u>
Net position	<u>\$ 4,738</u>	<u>\$ 4,716</u>
Composition of net position:		
Net investment in capital assets	\$ 64	\$ 112
Unrestricted	4,674	4,604
Assets under management*	\$ 23,022,818	\$ 25,052,031

Table 2 Changes in Net Position (In thousands)	Year Ended June 30, 2022	Year Ended June 30, 2021	Percent Change
Revenues	\$ 49,818	\$ 44,197	12.7%
Expenses:			
Advisor fees	(39,811)	(34,741)	14.6%
Custodian fees	(1,282)	(1,295)	(1.0%)
Trustee fees	(45)	(48)	(5.3%)
Fiduciary bond expense	(26)	(26)	0.0%
Professional service fees	(3,226)	(2,930)	10.1%
Administrative expenses	<u>(5,338)</u>	<u>(5,124)</u>	4.2%
Total expenses	(49,728)	(44,164)	12.6%
Operating income	90	33	n/a
Nonoperating revenues (expenses)	<u>(68)</u>	<u>1</u>	n/a
Increase in net position	22	34	n/a
Net position – beginning of year	4,716	4,682	0.7%
Net position – end of year	<u>\$ 4,738</u>	<u>\$ 4,716</u>	0.5%

* Amounts reflect preliminary estimated balances for private market investments.

Administrative Fund

Management's Discussion and Analysis

CAPITAL ASSETS

The IMB Administrative Fund made acquisitions of capital assets totaling \$1,618,556 during the current fiscal year. There were disposals of fully depreciated capital assets totaling \$90,570.

CONTACTING THE IMB

This financial report is designed to provide its readers with a general overview of the IMB Administrative Fund's finances. If you have any questions about this report or need additional information including the audited financial statements of the IMB Investment Pools, contact the IMB at 500 Virginia Street, East, Suite 200, Charleston, WV 25301-2164, or visit us at www.wvimb.org.

This page intentionally left blank

Administrative Fund

Statement of Net Position June 30, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 4,700,204
Accounts receivable	9,054,603
Prepaid expenses	98,307
Dividend receivable	<u>3,837</u>

Total current assets 13,856,951

Capital assets:

Equipment	354,977
Office furniture	218,749
Other depreciable property	393,198
Leasehold improvements	258,726
Right-to-use lease asset	1,580,573
Less accumulated depreciation and amortization	<u>(1,314,048)</u>

Total capital assets (net of accumulated depreciation and amortization) 1,492,175

Total assets 15,349,126

Liabilities

Current liabilities:

Accounts payable and accrued expenses	9,183,009
Lease liability	<u>153,851</u>

Total current liabilities 9,336,860

Long-term liabilities:

Lease liability	<u>1,273,800</u>
-----------------	------------------

Total long-term liabilities 1,273,800

Total liabilities 10,610,660

Net position

Net investment in capital assets	64,524
Unrestricted	<u>4,673,942</u>

Total net position \$ 4,738,466

See accompanying notes to financial statements.

Administrative Fund

Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2022

Operating revenues

Investment service fees	<u>\$ 49,817,925</u>
-------------------------	----------------------

Total operating revenues	49,817,925
---------------------------------	------------

Operating expenses

Advisor fees	39,810,742
--------------	------------

Custodian fees	1,282,230
----------------	-----------

Trustee fees	45,000
--------------	--------

Fiduciary bond expenses	25,875
-------------------------	--------

Professional service fees	3,225,920
---------------------------	-----------

Administrative expenses	<u>5,338,146</u>
-------------------------	------------------

Total operating expenses	<u>49,727,913</u>
---------------------------------	-------------------

Operating income	90,012
-------------------------	--------

Nonoperating revenues (expenses)

Dividend income	7,251
-----------------	-------

Interest expense	<u>(74,767)</u>
------------------	-----------------

Total nonoperating revenues (expenses)	<u>(67,516)</u>
---	-----------------

Increase in net position	22,496
---------------------------------	--------

Net position, beginning of year	<u>4,715,970</u>
---------------------------------	------------------

Net position, end of year	<u><u>\$ 4,738,466</u></u>
----------------------------------	----------------------------

See accompanying notes to financial statements.

Administrative Fund

Statement of Cash Flows Year Ended June 30, 2022

Cash flows from operating activities

Cash received from customers and other third parties	\$ 49,619,251
Cash paid to suppliers	(44,727,210)
Cash paid to employees	<u>(4,386,434)</u>
Net cash provided by operating activities	<u>505,607</u>

Cash flows from capital and related financing activities

Acquisition of capital assets	(37,983)
Principal paid on right-to-use lease agreement	(152,922)
Interest paid on right-to-use lease agreement	<u>(68,818)</u>
Net cash used for capital and related financing activities	<u>(259,723)</u>

Cash flows from investing activities

Dividends on investments	<u>3,439</u>
Net cash provided by investing activities	<u>3,439</u>
Net increase in cash and cash equivalents	249,323
Cash and cash equivalents, beginning of year	<u>4,450,881</u>
Cash and cash equivalents, end of year	<u>\$ 4,700,204</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 90,012
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	238,680
Change in assets and liabilities:	
Increase in accounts receivable	(198,674)
Decrease in prepaid expenses	8,346
Increase in accounts payable and accrued expenses	<u>367,243</u>
Total adjustments	<u>415,595</u>
Net cash provided by operating activities	<u>\$ 505,607</u>

Noncash capital and financing activities:

A right-to-use lease obligation of \$1,580,573 for the office space lease was incurred when Statement No. 87, *Leases*, of the Governmental Accounting Standards Board (GASB) was implemented.

See accompanying notes to financial statements.

Administrative Fund

Notes to Financial Statements

NOTE 1. NATURE OF ORGANIZATION

The West Virginia Investment Management Board (IMB) was organized on April 25, 1997, as a public corporation 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 Pneumoconiosis funds, and certain other state government funds. The IMB has established distinct investment pools to efficiently invest the entrusted funds. Separate financial statements are issued for these investment pools. The IMB Administrative Fund's financial statements are included as an internal service fund of the State of West Virginia in the State's financial statements and are presented as a blended component unit.

A Board of Trustees, consisting of thirteen members, governs the IMB. 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the IMB Administrative Fund conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the IMB Administrative Fund is not exposed to any significant credit or market risk on cash and cash equivalents. Cash equivalents are maintained with a financial institution in an institutional Treasury Money Market Fund which has an average maturity of less than 90 days.

Fair Value Measurements - The IMB Administrative Fund categorizes financial instrument fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The IMB Administrative Fund's cash equivalents are invested in an institutional Treasury Money Market fund valued at \$4,700,004 as of June 30, 2022, using quoted market prices (Level 1 inputs).

Capital Assets - Purchased assets, when they meet the thresholds defined in the capitalization policy, are recorded at cost. Threshold requirements are \$2,500 for office equipment, furniture, fixtures, computer hardware, and software, and \$10,000 for buildings, building improvements, land improvements, infrastructure, and leasehold improvements. Land is capitalized irrespective of cost. Contracts that provide for the right to use another entity's nonfinancial assets, as specified in a contract, for a period of time in an exchange or exchange-like transaction are recorded as right-to-use lease assets.

Depreciation on purchased assets is provided for over the estimated useful lives of the assets, ranging from three years to ten years using the straight-line method. Right-to-use lease assets and leasehold improvements are amortized over the life of the lease.

Revenues and Expenses - The IMB's Board of Trustees adopts an annual budget and fee schedule for services to be provided to the investment pools. Revenues of the IMB Administrative Fund are derived from the allocation of fees to the investment pools per the fee schedule. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. Revenues and expenses are recorded when earned or incurred in accordance with the economic resources measurement focus and the accrual basis of accounting. The carrying value of investment service fees receivable approximates its fair value.

Income Taxes - The IMB is a public corporation organized under laws of the State of West Virginia and is exempt from federal and state taxation. Accordingly, the IMB Administrative Fund financial statements have been prepared recognizing that the IMB is not subject to federal or state income taxes.

Administrative Fund

Notes to Financial Statements

NOTE 3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Office equipment	\$ 425,072	\$ -	\$ (70,095)	\$ 354,977
Office furniture	218,749	-	-	218,749
Other depreciable property	355,215	37,983	-	393,198
Leasehold improvements	279,201	-	(20,475)	258,726
Right-to-use lease asset	-	1,580,573	-	1,580,573
Total capital assets, being depreciated	<u>1,278,237</u>	<u>1,618,556</u>	<u>(90,570)</u>	<u>2,806,223</u>
Less accumulated depreciation and amortization for:				
Office equipment	(404,418)	(4,201)	70,095	(338,524)
Office furniture	(193,757)	(11,074)	-	(204,831)
Other depreciable property	(288,562)	(37,455)	-	(326,017)
Leasehold improvements	(279,201)	-	20,475	(258,726)
Right-to-use lease asset	-	(185,950)	-	(185,950)
Total accumulated depreciation and amortization	<u>(1,165,938)</u>	<u>(238,680)</u>	<u>90,570</u>	<u>(1,314,048)</u>
Capital assets, net	<u>\$ 112,299</u>	<u>\$ 1,379,876</u>	<u>\$ -</u>	<u>\$ 1,492,175</u>

Depreciation and amortization expense of \$238,680 was charged to investment management activity and is included in the administrative expenses.

On September 19, 2019, the IMB executed an amendment to renew its long-term lease, originally dated August 26, 2002, and previously amended on December 7, 2006 and July 9, 2012, for a period of ten years beginning on January 1, 2020. The monthly cost for the first five years is \$18,478; thereafter, the monthly cost for the remaining five years increases to \$19,402. Under the original and amended lease, beginning on January 1, 2020, and continuing throughout the term, the IMB shall pay as additional rent a portion of the increase in utility costs and taxes over the base year 2019 amounts; for the year ended June 30, 2022, this amount was \$889. As of July 1, 2021, the IMB accounted for this lease agreement as a right-to-use lease asset in accordance with GASB Statement No. 87, *Leases*.

The following is a schedule of future minimum rental payments required under this lease:

Fiscal years ending June 30:

	Principal	Interest	Total
2023	\$ 153,851	\$ 67,889	\$ 221,740
2024	161,723	60,017	221,740
2025	175,598	51,685	227,283
2026	190,325	42,502	232,827
2027	200,063	32,764	232,827
Thereafter	546,091	35,977	582,068
Total	<u>\$ 1,427,651</u>	<u>\$ 290,834</u>	<u>\$ 1,718,485</u>

Administrative Fund

Notes to Financial Statements

NOTE 4. EMPLOYEE BENEFIT PLANS

Retirement - The IMB provides a defined contribution money purchase pension plan (Pension Plan) covering all of its employees. An employee becomes eligible to participate in the Pension Plan on the earlier of the January 1 or July 1 coinciding with or following the employee's hire date. The Pension Plan is solely funded by the IMB, which contributes 10 percent of each covered employee's salary. Contributions for the year ended June 30, 2022 totaled \$303,085. The plan provides for a five-year vesting schedule with vesting increasing 20 percent per year.

The IMB provides a 457(b) plan that employees may elect to participate in. An employee becomes eligible to participate in the 457(b) plan on the first day of employment. All contributions are employee-funded on a pretax basis and are limited to the maximum amount allowed under the Internal Revenue Code. Employees are always 100 percent vested in their account balances.

Healthcare - On November 1, 2011, the IMB established the Defined Contribution Medical Plan (the Plan). The Plan is maintained for the exclusive benefit of employees and is a medical reimbursement plan under *Internal Revenue Service Code Section 105(h)*. The Plan identifies the IMB as the Plan Administrator and authorizes the IMB to amend the Plan as needed.

On November 1 of each plan year, the IMB determines an amount to credit each eligible employee that is allocated to a Health Reimbursement Arrangement (HRA) account for each participant. Current annual credits are \$1,500 for single employees and \$3,000 for employees with qualifying spouses or dependents. These credits are to be used to reimburse participants for out-of-pocket medical expenses not covered by any other source. Medical expenses shall be defined under *Internal Revenue Service Code Section 213(d)*. Any amount remaining in a participant's HRA account at the end of the plan year shall be credited to the participant's account for the following year, in addition to the annual contribution. Upon separation from employment or retirement, a former employee or dependent will not continue to receive the annual credit but may use the remaining continued balance accumulated in the HRA account.

The IMB may at its discretion, through resolution of its Board of Trustees, discontinue funding the annual credits or terminate the Plan at any time without liability for such discontinuance or termination.

Contributions made to the Plan by the IMB for the year ended June 30, 2022 totaled \$73,421.

NOTE 5. CASH AND INVESTMENT RISK

At June 30, 2022, all of the IMB Administrative Fund's cash equivalents are invested in an institutional Treasury Money Market fund. This investment fund is rated Aaa by Moody's and AAA by Standard & Poor's and has no significant custodial credit risk or interest rate risk. The investment fund invests in U.S. Treasuries and is not exposed to a concentration of credit risk or any foreign currency risk. Cash balances are held in a FDIC insured bank account, the balance of which is below the \$250,000 insurance limit at all times.