

April 2024 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks declined 4.1%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI declined 1.8% in April. The Bloomberg U.S. Aggregate Bond Index also declined 2.5%.
- In April, U.S. employers added 175,000 non-farm jobs, well below expectations. The unemployment rate increased to 3.9%.
- Economic growth in the United States fell short of expectations, with U.S. gross domestic product (GDP) increasing by the annualized rate of 1.6% in the first quarter of 2024.
- The Core Personal Consumption Expenditures (PCE) Price Index, the U.S. Federal Reserve's (Fed) preferred inflation measure, increased 2.8% for the 12 months ended in March, just above expectations.
- The U.S. Equity Fund, International Equity Fund and Multiple Asset Fund underperformed their respective benchmarks for the month, while the Fixed Income Fund and Inflation Protection Fund outperformed their respective benchmarks.

Monthly Overview

U.S. Economic Growth Slows Amidst Rising Stagflation Concerns

The most recent U.S. GDP report confirmed a slowdown in the economy during the first quarter of 2024. GDP for the quarter increased at an annualized rate of 1.6%, which was below the 2.4% estimate and down from the 3.4% growth seen in the previous quarter. Strong consumer spending drove two-thirds of economic activity, offsetting declines in private inventory and increases in imports. In the first quarter of 2024, the PCE Price Index rose at an annualized rate of 3.4%, marking the largest increase in a year. The Federal Reserve's preferred measure, the Core PCE Price Index, which excludes food and energy prices, rose by 3.7% for the same period.

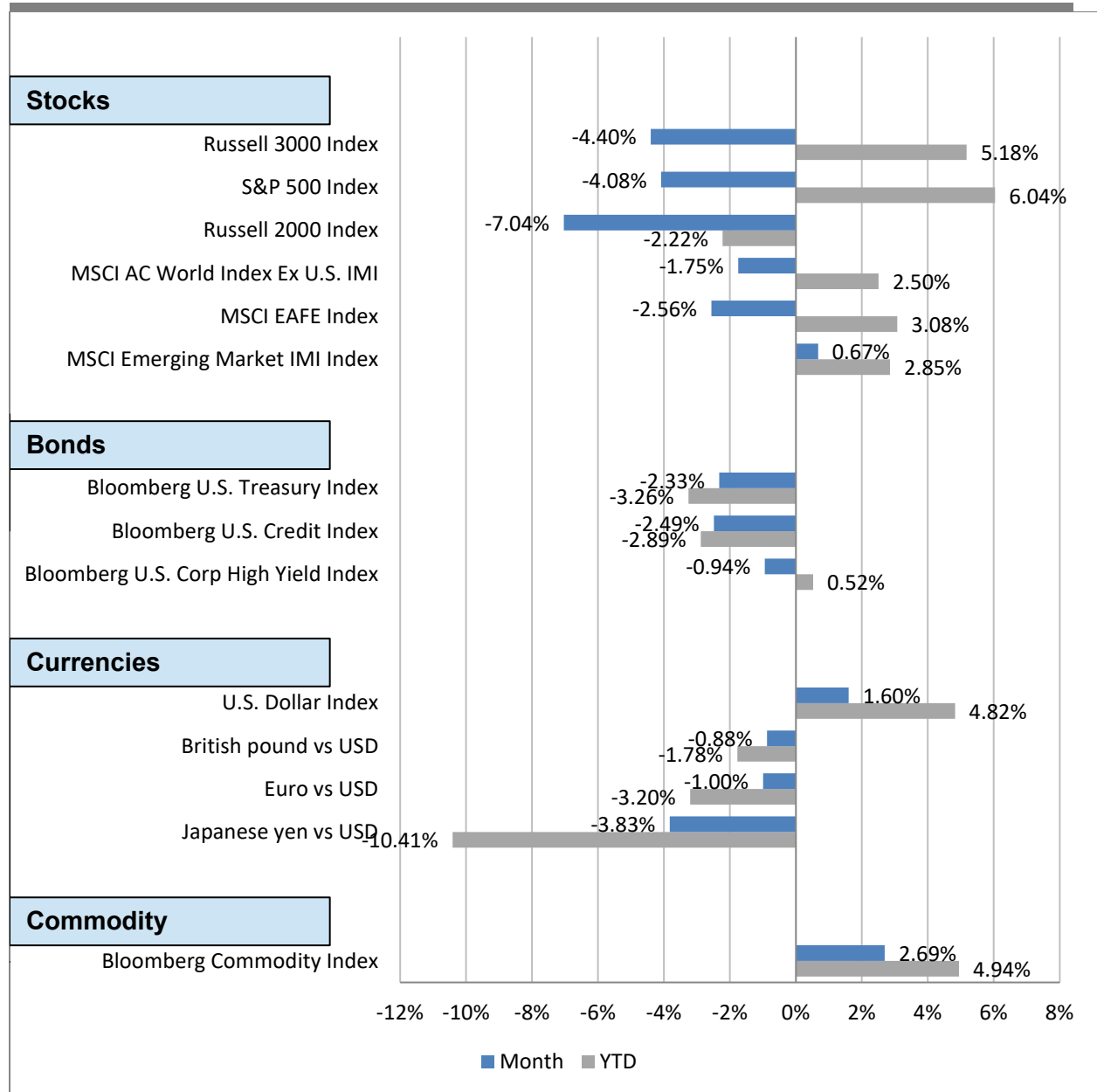
Stock Market Downturn Despite Mostly Strong Earnings Report

In April, the major U.S. indices, including the S&P 500, NASDAQ, and Dow Jones Industrial Average, posted their worst monthly performances of the year. The Dow Jones had its worst month since September 2022. Small-cap stocks, represented by the Russell 2000 Index, fell by 7.0%, while large-cap stocks, represented by the Russell 1000 Index, declined 4.3%. International equity markets also ended lower primarily due to tensions in the Middle East, disrupted trade routes and elevated commodity prices threatening global economic stability.

Despite mostly bearish economic data and market returns, some bullish narratives emerged, as corporate earnings reports generally outperformed analysts' expectations. In the big-tech sector, strong reported earnings highlighted the enduring strength of the AI growth theme. Five of the "Magnificent Seven" companies—Alphabet, Amazon, Meta, Microsoft and Tesla—reported their quarterly earnings in April. Tesla's Earnings Per Share (EPS) and revenue were lower than expected; however, its stock price surged after achieving a milestone in deploying advanced driver-assistance technology in China. Meta earnings report exceeded expectations. Meta CEO Mark Zuckerberg cautioned that the company would need to increase investments before AI-related revenue gains can be seen. These remarks led to a decline in Meta's stock price. Alphabet, Amazon and Microsoft beat revenue and EPS expectations, boosting market sentiment.

Sources: Associated Press, Bureau of Economic Analysis, Bureau of Labor Statistics, Wall Street Journal, Bloomberg Reuters, CNBC, and FactSet.

Market Performance



Source: FactSet, as of April 30, 2024.

Key Monthly Economic Statistics

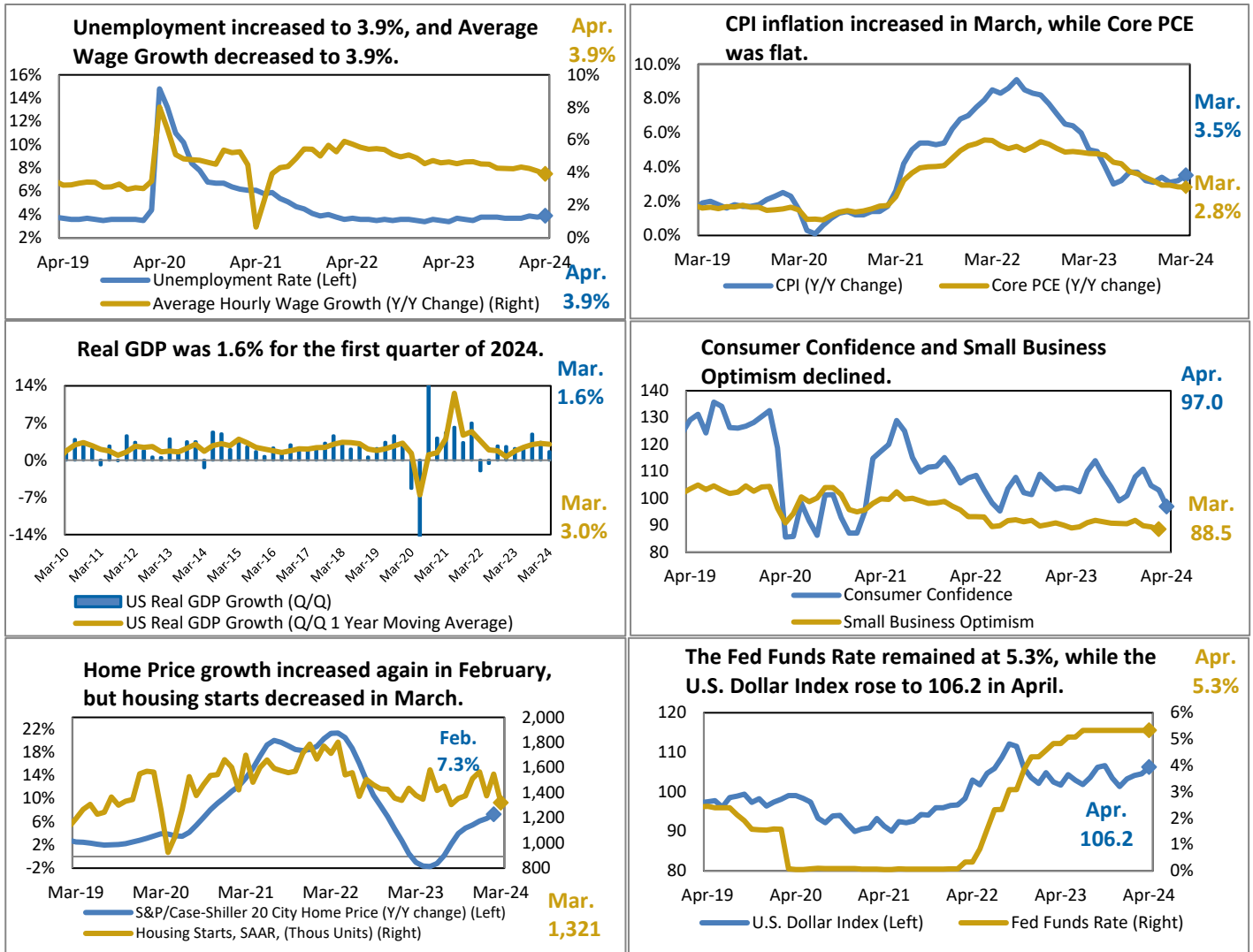
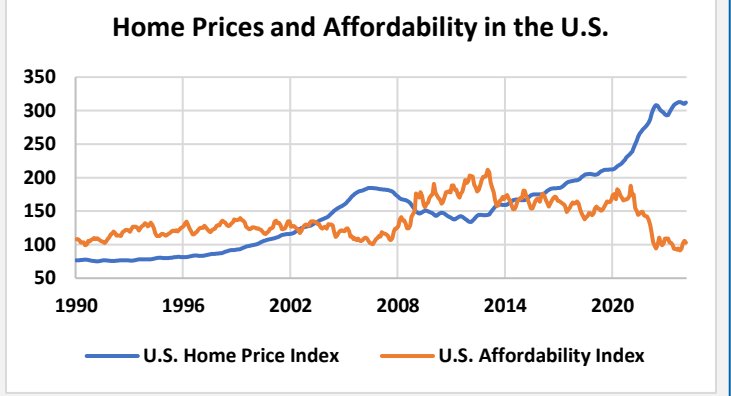


Chart of the Month

- In February, U.S. home prices, as indicated by the S&P CoreLogic Case-Shiller national home price index, reached another record high, rising by 6% over the past year. Meanwhile, affordability, measured by the Housing Affordability Index, remains near historic lows.
- The affordability index is based off median home prices, median income and mortgage rates.
- Strong demand, limited supply and rising mortgage rates are propelling home values upward, which is keeping affordability low.



Sources: FactSet, U.S. Bureau of Labor Statistics, The Conference Board, Federal Reserve Bank of St. Louis, Bureau of Economic Analysis, National Association of Realtors, U.S. Census Bureau, S&P Global, Bloomberg, Redfin.

Investment Fund Review (Net-of-Fees Performance)ⁱ

Equity Funds

U.S. Equity Fund

Fund	April	YTD
U.S. Equity Fund	-4.68%	4.20%
Russell 3000 Index	-4.40%	5.18%
Difference (percentage points)	-0.28	-0.98

- During the month, the fund underperformed its benchmark due to active managers’ investments in IT, communication services, and healthcare. The strategic overweight to small and mid-cap stocks and underweight to mega-cap stocks hurt relative performance. The fund’s allocation to private equity and real estate helped benchmark-relative performance.
- Year to date, the fund underperformed its benchmark. The strategic overweight to small and mid-cap stocks and underweight to mega-cap stocks detracted from relative performance. The fund’s allocation to private equity and real estate detracted from benchmark-relative performance. Active managers’ investments in IT and financials contributed to relative performance.

International Equity Fund

Fund	April	YTD
International Equity Fund	-2.00%	0.61%
MSCI ACWI ex U.S. Investable Market Index (Net)	-1.75%	2.50%
Difference (percentage points)	-0.25	-1.89

- During the month, the fund underperformed its benchmark. The fund’s fair market valuation policy (described [here](#)) was a key detractor in benchmark-relative performance. Active managers’ investments in IT, financials and healthcare stocks also detracted from relative performance.
- Year to date, the fund underperformed its benchmark. Active managers’ investments in healthcare, financials and consumer discretionary stocks detracted from relative performance. Additionally, the fund’s fair market valuation policy negatively impacted benchmark-relative performance.

U.S. Equity Index Fund

Fund	April	YTD
U.S. Equity Index Fund	-4.47%	5.20%
Russell 3000 Index	-4.40%	5.18%
Difference (percentage points)	-0.07	+0.02

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fund slightly underperformed the benchmark due to certain stocks excluded in accordance with Wespath’s Investment Exclusion policies (described [here](#)). However, for the year, these exclusions helped benchmark-relative performance.
- This fund is not currently available for direct investment by participants.

Fixed Income Funds

Fixed Income Fund

Fund	April	YTD
Fixed Income Fund	-1.83%	-1.91%
Bloomberg U.S. Universal (ex MBS) Index	-2.14%	-2.43%
Difference (percentage points)	+0.31	+0.52

- In April, overweight allocations to, and issue selection within, both investment grade and below investment grade corporate credit benefited relative results. The allocation to affordable housing through Wespath’s Positive Social Purpose Lending Program and the U.S. Agency CMBS portfolio also helped results.
- Year to date, overweight allocations to, and issue selection within, investment grade credit, below investment grade corporate credit and stronger performing emerging market debt benefited relative results. Allocations to, and issue selection within, Wespath’s Positive Social Purpose Lending Program and U.S. Agency CMBS portfolios also contributed.

Extended Term Fixed Income Fund

Fund	April	YTD
Extended Term Fixed Income Fund	-5.37%	-7.19%
Bloomberg U.S. Government/Credit Long Term Index	-5.46%	-7.74%
Difference (percentage points)	+0.09	+0.55

- For the month, security selection within the enhanced passive and core strategies contributed positively to benchmark-relative performance.
- Year to date, three of the four managers outperformed the fund benchmark, contributing positively to results. The core plus strategy was the biggest contributor.

Inflation Protection Fund

Fund	April	YTD
Inflation Protection Fund	-0.74%	-0.73%
IPF Benchmark ⁱⁱ	-1.25%	-1.11%
Difference (percentage points)	+0.51	+0.38

- For April, the allocations to alternatives, floating rate senior secured loans and developed market inflation linked securities contributed positively to benchmark relative results, as did the reversal of the fair market value adjustment that was applied on March 28, 2024, due to an early market close that day. Results were partially offset by the allocation to and issue selection within the emerging market inflation-linked bond portfolio as well as selection within the commodities portfolio.
- Year to date, the allocation to alternatives and floating rate senior secured loans as well as issue selection within the commodities portfolio contributed positively to relative results. Positive results were partially offset by the allocations to, and issue selection within the emerging market inflation-linked bond portfolio.

Short Term Investment Fund

Fund	April	YTD
Short Term Investment Fund (STIF)	0.41%	1.73%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.43%	1.74%
Difference (percentage points)	-0.02	-0.01

- For the month and year-to-date, the fund performed in line with the benchmark.
- This fund is not available for direct investment by participants.

Balanced Fund

Multiple Asset Fund

Fund	April	YTD
Multiple Asset Fund	-2.84%	1.20%
MAF Benchmark ⁱⁱⁱ	-2.72%	1.85%
Difference (percentage points)	-0.12	-0.65

- For the month, International Equity Fund and Inflation Protection Fund detracted from benchmark-relative performance, while the U.S. Equity Fund and Fixed Income Fund contributed positively to performance.
- Year to date, the Fixed Income contributed positively to benchmark-relative performance, while the U.S. Equity, International Equity Funds and Inflation Protection Funds detracted from performance.

Social Values Choice Suite of Funds

Social Values Choice Equity Fund

Fund	April	YTD
Social Values Choice Equity Fund (SVCEF)	-3.92%	5.43%
SVCEF Benchmark ^{iv}	-3.94%	5.52%
Difference (percentage points)	+0.02	-0.09

- The Social Values Choice Equity Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fund's fair market valuation policy (described [here](#)) negatively impacted benchmark-relative performance for the month and for the year.

Social Values Choice Bond Fund

Fund	April	YTD
Social Values Choice Bond Fund	-2.08%	-2.26%
Bloomberg U.S. Universal (ex MBS) Index	-2.14%	-2.43%
Difference (percentage points)	+0.06	+0.17

- For the month, selection within non-agency mortgage-backed-securities (MBS) and investment grade credit contributed to benchmark-relative results, as did currency strategies. Results were partially offset by interest rate strategies and the allocation to agency MBS.
- Year to date, selection within investment grade credit, and non-agency and agency MBS, contributed to benchmark relative results. An allocation to inflation linked securities also helped. Results were partially offset by interest rate strategies and the underweight to U.S. dollar denominated emerging market debt.

U.S. Treasury Inflation Protection Fund

Fund	April	YTD
U.S. Treasury Inflation Protection Fund	-1.58%	-1.63%
Bloomberg U.S. Inflation Linked Bond Index	-1.75%	-1.85%
Difference (percentage points)	+0.17	+0.22

- The U.S. Treasury Inflation Protection Fund is a passively managed fund designed to closely match the performance of the fund benchmark, less fees and expenses.
- For the month and year to date, the fund outperformed the benchmark, helped by yield curve positioning.

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- ⁱ Historical returns are not indicative of future performance. Fund returns are net of fees. Please refer to the [Investment Funds Description – P Series](#) for more information about the funds, including fees and expenses. This is not an offer to purchase securities.
- ⁱⁱ Effective February 1, 2023, the benchmark for the Inflation Protection Fund is 90% Bloomberg U.S. Treasury Inflation-Linked Bond Index and 10% Bloomberg Commodity Index.
- ⁱⁱⁱ The benchmark for the Multiple Asset Fund is comprised of 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) excluding USA Investable Market Index (IMI), 25% Bloomberg U.S. Universal Index ex-Mortgage Backed Securities and 10% Inflation Protection Fund (IPF) Benchmark.
- ^{iv} The benchmark for the Social Values Choice Equity Fund is the MSCI World Environmental, Social and Governance (ESG) ex Fossil Fuels Index.
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