

June 2023 Investment Report

Highlights

- U.S. stocks gained during the month of June, supported by positive performances from Industrials, Consumer Discretionary and Information Technology.
- The S&P 500 Index of U.S. stocks increased 6.6% in June, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, increased 4.3%. The Bloomberg U.S. Aggregate Bond Index decreased 0.4%.
- The U.S. Federal Reserve (Fed) kept its Fed funds interest rate steady in June, breaking a string of 10 consecutive rate increases.
- U.S. employers added 209,000 workers in June and the unemployment rate fell to 3.6%.
- The U.S. Equity Fund and International Equity Fund underperformed their respective benchmarks, while the Fixed Income Fund and Inflation Protection Fund outperformed their respective benchmarks. The Multiple Asset Fund performed in line with its benchmark.

Monthly Overview

Mixed Economic Data

In June, the U.S. economy provided mixed economic indicators. The Personal Consumption Expenditures Price Index (PCE), rose 3.8% year over year in May, marking the lowest reading since April 2021. The Core PCE Index, the Federal Reserve's preferred inflation measure which excludes food and energy, increased 4.6% year over year. Household spending showed a slight increase of 0.1% in the month of May. In June, U.S. businesses hired 209,000 employees, down from May's 306,000 new hires. The unemployment rate fell to 3.6% and average hourly earnings grew by 4.4% year over year.

Fed Keeps Rate Steady

The Fed left the Fed funds interest rate unchanged in June, breaking a streak of 10 consecutive increases that had raised the rate to a range of 5% to 5.25%. Fed Chair Jerome Powell emphasized the central bank is focused on bringing inflation down to 2% and not tied to a specific number of hikes. Elsewhere, the Bank of England raised rates by 0.5%, bringing the UK's lending rate to 5%, the highest since April 2008. The European Central Bank raised rates by 0.25%.

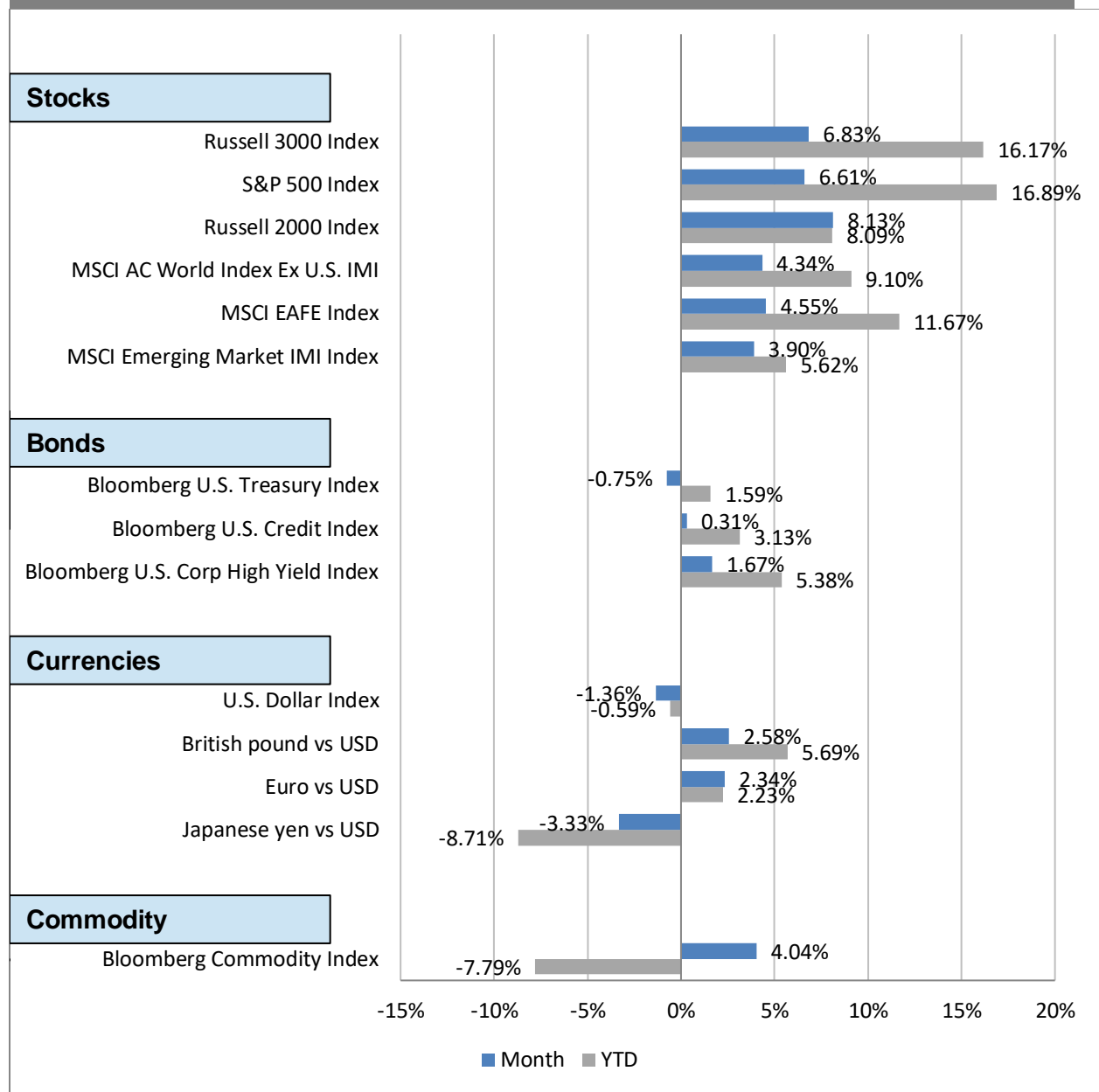
Equity Markets Keep Momentum

The U.S. equity market experienced positive momentum during the month. Notably, the NASDAQ Composite Index had its strongest first half of the year since 1983, driven by investor interest in technology companies and the potential for artificial intelligence advancements. The index concluded June with a year-to-date increase of 32%. Additionally, Apple became the world's first company to surpass a market value of \$3 trillion.

In the bond market, the Bloomberg U.S. Aggregate Index declined 0.4% as the U.S. Treasury yield curve shifted upward. The 10-year Treasury yield increased 0.18%, reaching 3.81% by the end of the month. The Bloomberg Commodities Index rose by 4.0% in June, although the index has declined 7.8% year to date. Bitcoin and other crypto-related assets increased during June. Bitcoin gained 11.9% in June, surpassing the \$30,000 mark for the first time since April, signaling renewed interest in the cryptocurrency market.

Sources: Bureau of Economic Analysis, Wall Street Journal, and FactSet.

Market Performance



Source: FactSet, as of June 30, 2023.

Key Monthly Economic Statistics

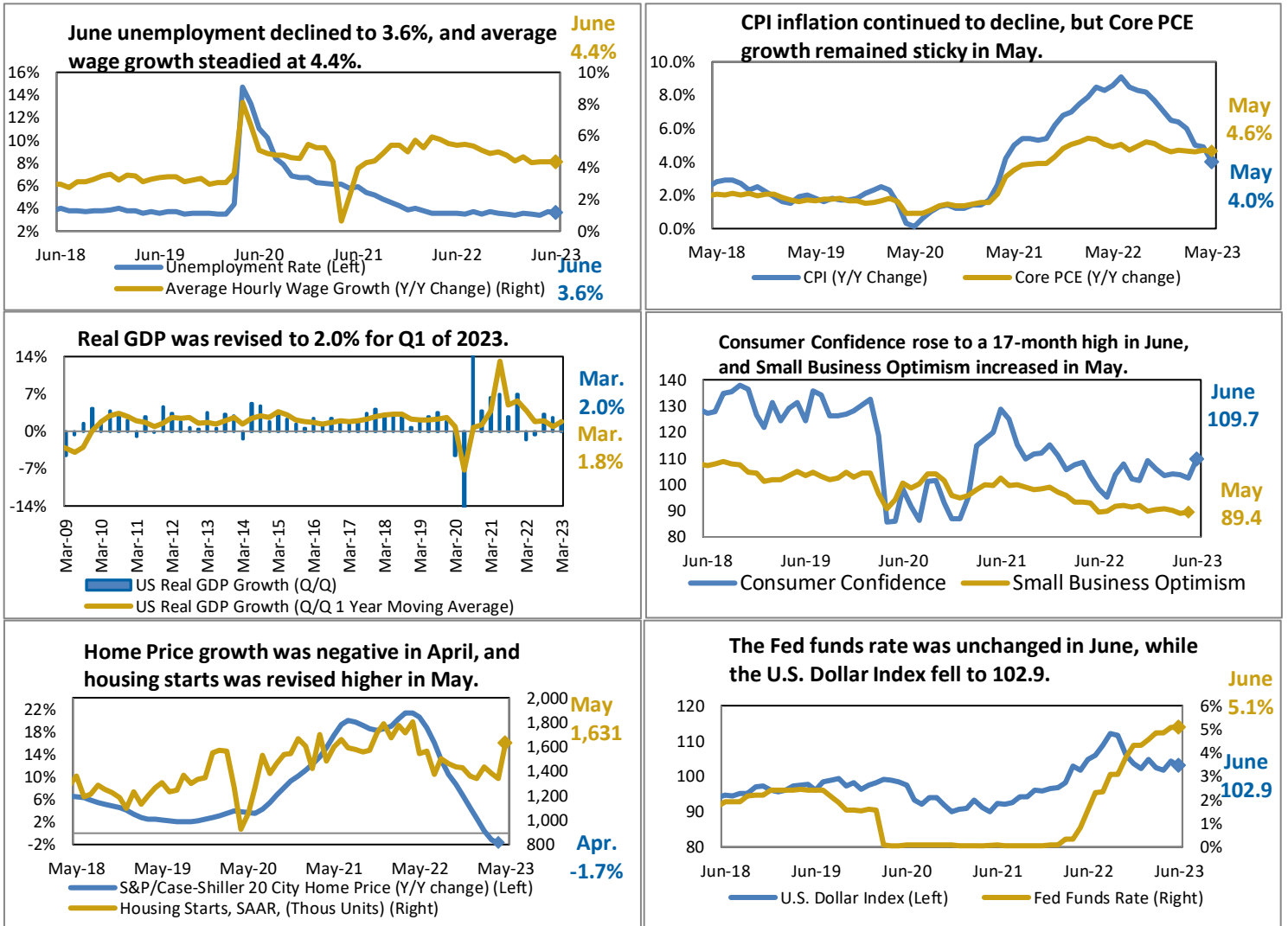
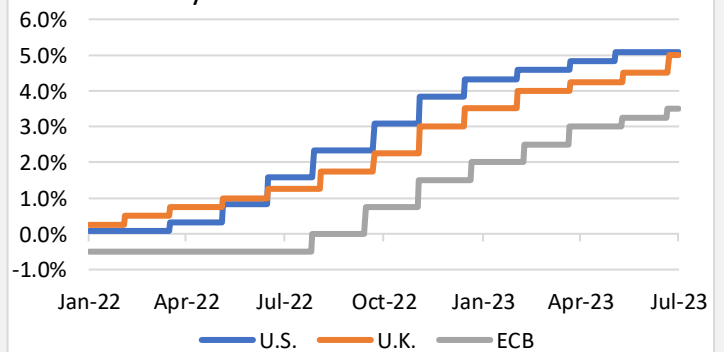


Chart of the Month

- The Fed kept the Fed funds rate steady in June, bringing an end to a string of 10 consecutive rate increases.
- The Fed had raised rates at every meeting since March of 2022, bringing the lending rate to a range of 5.0% to 5.25%
- The Bank of England raised its rate by 50 basis point in June, bringing the UK lending rate to a range similar to that of U.S.
- The European Central Bank was late to rate increases, however it notched an eighth consecutive rate increase in June, bring the policy rate to 3.5%.

Key Central Bank Interest Rates



Source: 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.

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

Equity Funds

U.S. Equity Fund

Fund	June	QTD	YTD
U.S. Equity Fund	6.60%	7.36%	14.62%
Russell 3000 Index	6.83%	8.39%	16.17%
Difference (percentage points)	-0.23	-1.03	-1.55

- During the month, the fund underperformed its benchmark. The fund's investments in private equity and private real estate investments detracted from relative performance.
- During the quarter and year to date periods, the fund's investments in private markets and an underweight to strong performing mega-tech companies detracted from relative performance. To a lesser extent, the fund benefited from active managers' investments, particularly growth-oriented strategies, and excluding certain stocks in accordance with Wespath's Investment Exclusions policies (described [here](#)).

International Equity Fund

Fund	June	QTD	YTD
International Equity Fund	3.96%	1.76%	8.89%
MSCI ACWI ex U.S. Investable Market Index (Net)	4.34%	2.38%	9.10%
Difference (percentage points)	-0.38	-0.62	-0.21

- During the month, the fund underperformed its benchmark as a result of underperforming private equity investments.
- During the quarter, the fund underperformed its benchmark due to the majority of active managers underperforming their respective benchmarks. Year to date, the fund's investments in private equity and private real estate detracted from relative performance.

U.S. Equity Index Fund

Fund	June	QTD	YTD
U.S. Equity Index Fund	6.83%	8.41%	16.29%
Russell 3000 Index	6.83%	8.39%	16.17%
Difference (percentage points)	+0.00	+0.02	+0.12

- The U.S. Equity Index Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. During the quarter and year to date, certain stocks excluded in accordance with Wespath's Investment Exclusions policies (described [here](#)) contributed to relative performance.

Fixed Income Funds

Fixed Income Fund

Fund	June	QTD	YTD
Fixed Income Fund	0.40%	0.02%	3.14%
Bloomberg U.S. Universal (ex MBS) Index	-0.07%	-0.57%	2.46%
Difference (percentage points)	+0.47	+0.59	+0.68

- The fund's overweight allocation to—and asset manager security selection in—emerging market debt was the largest positive contributor to benchmark-relative performance for the month, quarter and year to date. The overweight allocation to high yield corporate bonds also contributed positively in all three periods.
- The fund's allocation to Positive Social Purpose loans detracted modestly from benchmark-relative performance in June but contributed positively for the quarter and year to date.

Extended Term Fixed Income Fund

Fund	June	QTD	YTD
Extended Term Fixed Income Fund	0.34%	-0.87%	3.82%
Bloomberg U.S. Government/Credit Long Term Index	0.77%	-1.29%	4.39%
Difference (percentage points)	-0.43	+0.42	-0.57

- The fund's policy of maintaining a lower sensitivity to interest rate movements until interest rates return to higher levels was the largest driver of benchmark-relative performance for the month, quarter and year to date. For all three periods, asset manager security selection contributed positively to benchmark-relative performance.

Inflation Protection Fund

Fund	June	QTD	YTD
Inflation Protection Fund (IPF)	0.75%	-0.27%	2.31%
IPF Benchmark ⁱⁱ	0.10%	-1.52%	1.44%
Difference (percentage points)	+0.65	+1.25%	+0.87

- The fund's allocation to emerging market inflation-linked securities was the largest positive contributor to benchmark-relative performance for the month, quarter and year to date. The fund's allocation to floating rate senior loans also contributed positively during all three periods.

Balanced Fund

Multiple Asset Fund

Fund	June	QTD	YTD
Multiple Asset Fund (MAF)	3.68%	3.07%	8.73%
MAF Benchmark ⁱⁱⁱ	3.68%	3.34%	9.08%
Difference (percentage points)	+0.00	-0.27	-0.35

- The Fixed Income Fund and Inflation Protection Fund contributed positively to benchmark-relative performance for the month, quarter and year to date, while the U.S. Equity Fund and International Equity Fund detracted.

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	June	QTD	YTD
Social Values Choice Bond Fund	-0.07%	-0.35%	2.62%
Bloomberg U.S. Universal (ex MBS) Index	-0.07%	-0.57%	2.46%
Difference (percentage points)	+0.00	+0.22	+0.16

- The fund's duration positioning and manager security selection contributed positively to benchmark-relative performance for the quarter and year to date.

Social Values Choice Equity Fund

Fund	June	QTD	YTD
Social Values Choice Equity Fund (SVCEF)	5.93%	7.11%	16.26%
SVCEF Benchmark ^{iv}	5.89%	6.99%	16.06%
Difference (percentage points)	+0.04	+0.12	+0.20

- 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 quarter but positively impacted for the month and year to date.

U.S. Treasury Inflation Protection Fund

Fund	June	QTD	YTD
U.S. Treasury Inflation Protection Fund	-0.54%	-1.74%	1.65%
Bloomberg U.S. Inflation Linked Bond Index	-0.29%	-1.41%	1.99%
Difference (percentage points)	-0.25	-0.33	-0.34

- 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.

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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. This is not an offer to purchase securities.

ⁱⁱ The benchmark for the Inflation Protection Fund was comprised of 80% Barclays World Government Inflation Linked Bond Index (Hedged), 10% Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index through January 31, 2023. 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% Barclays Capital 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.

