

May 2024 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks rose 5.0%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, rose 3.0% in May. The Bloomberg U.S. Aggregate Bond Index rose 1.7%.
- The Labor Department reported mixed results for May, as non-farm U.S. jobs increased by 272,000 for the month, while the unemployment rate edged up to 4%.
- Estimated economic growth in the United States was revised lower, with U.S. gross domestic product (GDP) increasing by the annualized rate of 1.3% 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 April, which was in line with expectations.
- The U.S. Equity Fund, Fixed Income Fund, Inflation Protection Fund and Multiple Asset Fund underperformed their respective benchmarks for the month, while the International Equity Fund outperformed its benchmark.

Monthly Overview

Mixed Economic Data

In May, the global economy showed mixed signals. The U.S. economy grew slower than previously estimated during the first three months of the year, with GDP expanding by an estimated annualized rate of 1.3%, revised down from the first advance estimate of 1.6%. Inflation remained a concern as the rise in the PCE Price Index matched economists' expectations at 2.7% year-over-year for April. Core PCE, the Fed's preferred inflation measure which excludes food and energy, increased 2.8% year-over-year.

Eurozone inflation exceeded expectations, with prices increasing by 2.6% year-over-year in May. Core inflation, which excludes energy, food, alcohol and tobacco, was 2.9% during the same period. China's factory production rose by the highest margin in two years, with the Caixin/S&P Global manufacturing PMI rising to 51.7 in May.

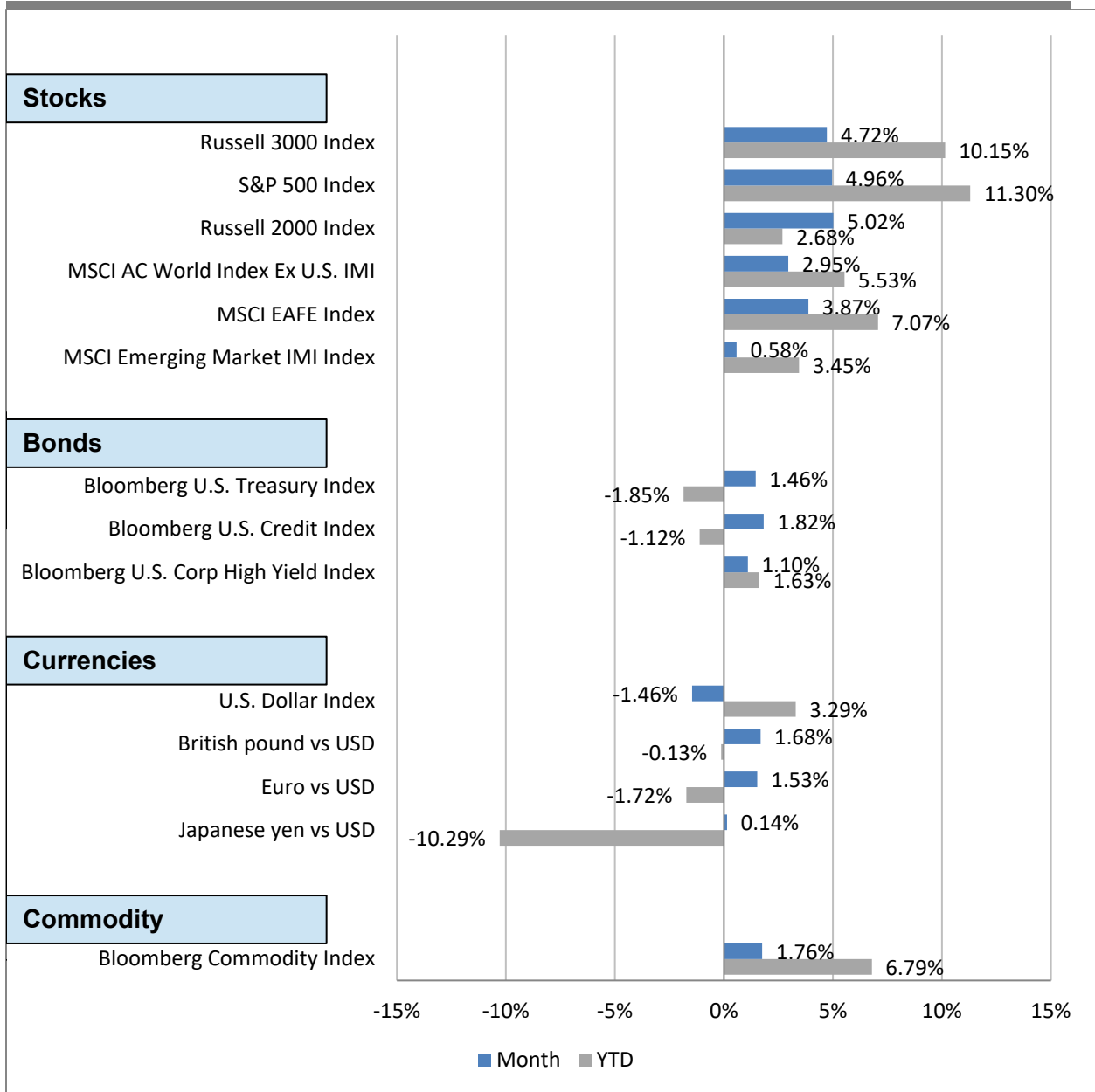
US Equity Market lifted by Technology Stocks

Equity markets were volatile in May. U.S. equities performed well, with the S&P 500 Index gaining 5.0%, driven by technology and utility stocks. The NASDAQ Composite Index rose significantly, up 7.0% for the month. Notably, Nvidia, the world's largest contract chip maker, reported quarterly earnings that beat expectations. The company's market capitalization, the total value of all outstanding shares, increased by 25% during the month. Nvidia ended May with a market capitalization of \$2.7 trillion, which is the third largest U.S. stock. International equity markets were up, but trailed the U.S., as the MSCI All Country World ex US Index rose by 3.0% during May. S&P Global Ratings downgraded France's long-term debt from AA to AA- due to increasing debt levels, adding to market concerns. The MSCI Emerging Markets Index lagged developed markets and returned 0.6% for the month due to geopolitical tensions.

In the bond market, the Bloomberg U.S. Aggregate Index rose by 1.7% as the U.S. Treasury yield curve shifted downward. The 10-year Treasury yield decreased 0.2%, reaching 4.5% by the end of the month.

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 May 31, 2024.

Key Monthly Economic Statistics

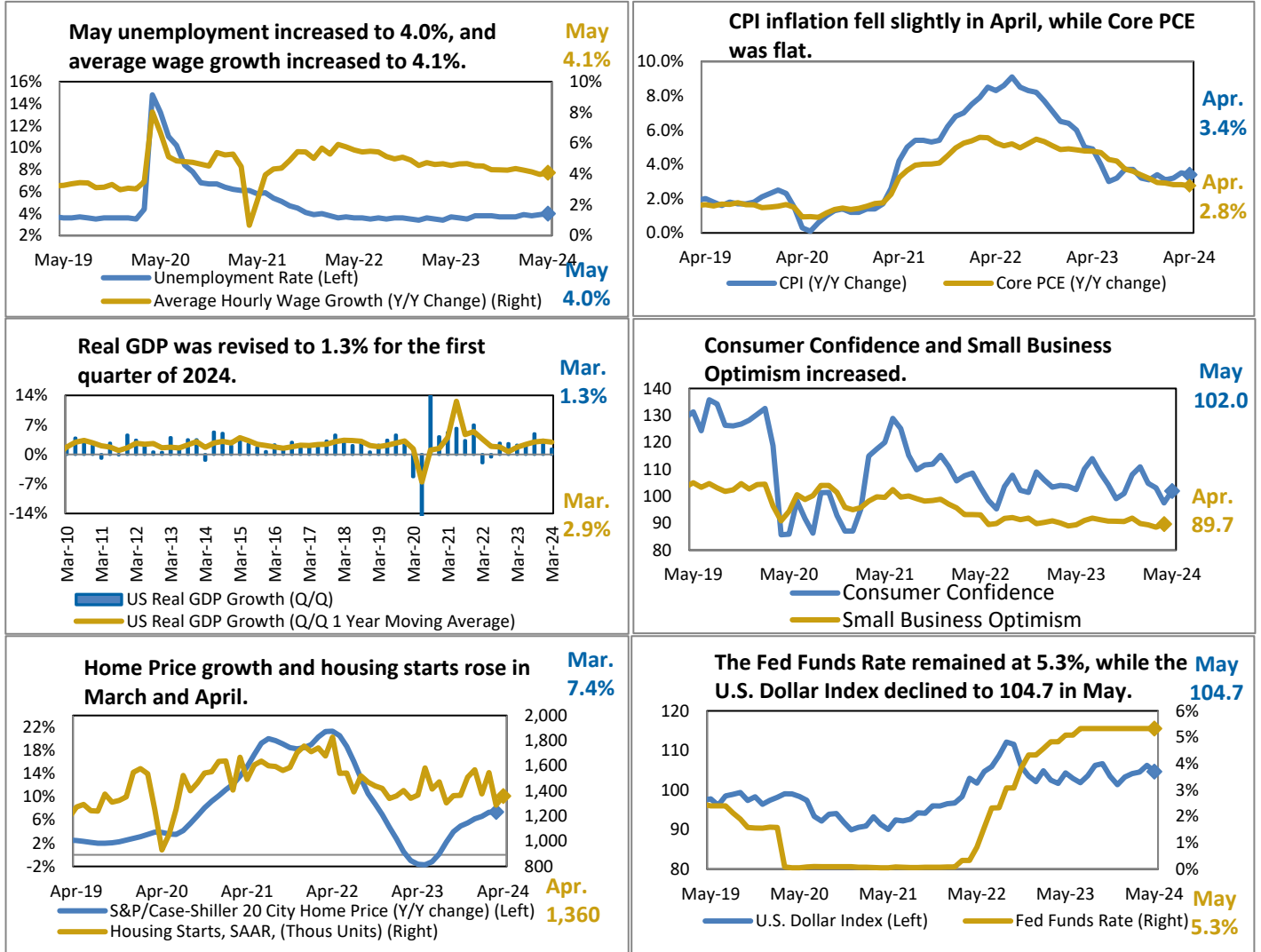
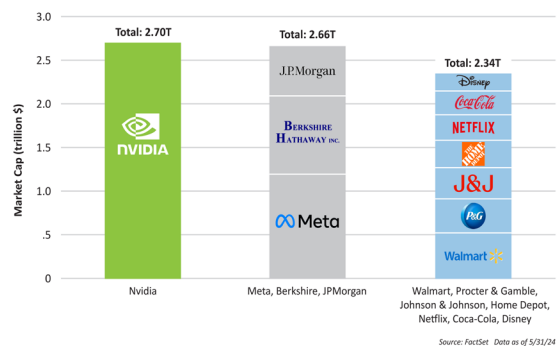


Chart of the Month

- Nvidia, the world's largest contract chip maker, beat industry expectations during its Q1 quarterly earnings call in May.
- The company's market cap, the total value of all outstanding shares, rose 25% in May, ending the month at \$2.7 trillion.
- Nvidia is fast closing in on Apple, the second largest company by market value, which has a market cap of \$2.9 trillion.
- Nvidia's meteoric rise has led to a higher market value than Meta, Berkshire Hathaway and JP Morgan combined.

Nvidia Market Cap vs Select S&P 500 Companies



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	May	YTD
U.S. Equity Fund	3.31%	7.65%
Russell 3000 Index	4.72%	10.15%
Difference (percentage points)	-1.41	-2.50

- During the month, the fund underperformed its benchmark primarily due to its underweight to mega-cap stocks. The fund's allocation to private equity and real estate also detracted from benchmark-relative performance along with the strategic overweight to small- and mid-cap stocks and active managers' investments in IT, and health care.
- Year to date, the fund has 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 also detracted from benchmark relative performance.

International Equity Fund

Fund	May	YTD
International Equity Fund	3.22%	3.85%
MSCI ACWI ex U.S. Investable Market Index (Net)	2.95%	5.53%
Difference (percentage points)	+0.27	-1.68

- In May, the fund outperformed its benchmark. The fund's fair market valuation policy (described [here](#)) contributed to benchmark-relative performance. The fund's allocation to private equity helped benchmark-relative performance.
- Year to date, the fund has underperformed its benchmark due to active managers' investments in financial and industrial stocks. Wespeth's Investment Exclusion policy (described [here](#)) hurt benchmark-relative performance. The fund also underperformed due to its allocation to private equity and real estate. The fund's fair market valuation policy (described [here](#)) positively impacted benchmark-relative performance.

U.S. Equity Index Fund

Fund	May	YTD
U.S. Equity Index Fund	4.65%	10.10%
Russell 3000 Index	4.72%	10.15%
Difference (percentage points)	-0.07	-0.05

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. For the month and year-to-date, certain stocks excluded in accordance with Wespath's Investment Exclusion policies (described [here](#)) contributed positively to relative performance.
- This fund is not currently available for direct investment by participants.

Fixed Income Funds

Fixed Income Fund

Fund	May	YTD
Fixed Income Fund	1.51%	-0.43%
Bloomberg U.S. Universal (ex MBS) Index	1.56%	-0.91%
Difference (percentage points)	-0.05	+0.48

- In May, overweight allocations to, and issue selection within, both global bonds and below investment grade corporate bonds modestly detracted from relative results. Otherwise, allocation and selection decisions had relatively small and offsetting impacts on relative results.
- Year to date, overweight allocations to, and issue selection within, below investment grade corporate credit and 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	May	YTD
Extended Term Fixed Income Fund	2.88%	-4.52%
Bloomberg U.S. Government/Credit Long Term Index	2.82%	-5.13%
Difference (percentage points)	+0.06	+0.61

- For the month, security selection within the long duration government credit plus and long duration CMO accounts contributed positively to benchmark-relative performance.
- Year to date, three of the four managers outperformed their respective benchmarks, which are the same as the fund benchmark, contributing positively to results. The long duration government credit plus strategy was the biggest contributor.

Inflation Protection Fund

Fund	May	YTD
Inflation Protection Fund	1.22%	0.47%
IPF Benchmark ⁱⁱ	1.72%	0.60%
Difference (percentage points)	-0.50	-0.13

- For May, the allocations to developed market inflation-linked securities and floating rate senior secured loans detracted from benchmark relative results. The allocation to, and issue selection within, the emerging market inflation-linked debt account and the selection decisions within the commodities account also detracted from relative performance.
- Year to date, the allocation to alternatives and floating rate senior secured loans contributed positively to relative results. Positive results were offset by the allocations to, and issue selection within, the emerging market inflation-linked bond portfolio as well as the allocation to developed market inflation-linked securities.

Short Term Investment Fund

Fund	May	YTD
Short Term Investment Fund (STIF)	0.44%	2.17%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.48%	2.23%
Difference (percentage points)	-0.04	-0.06

- For the month and year-to-date, the fund modestly underperformed. Year-to-date results were negatively impacted by exposure to securities with maturities longer than the benchmark.
- This fund is not available for direct investment by participants.

Balanced Fund

Multiple Asset Fund

Fund	May	YTD
Multiple Asset Fund	2.65%	3.88%
MAF Benchmark ⁱⁱⁱ	3.10%	5.01%
Difference (percentage points)	-0.45	-1.13

- For the month, U.S. Equity Fund, Fixed Income Fund and Inflation Protection Fund detracted from benchmark-relative performance, while the International Equity 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	May	YTD
Social Values Choice Equity Fund (SVCEF)	4.93%	10.63%
SVCEF Benchmark ^{iv}	4.59%	10.37%
Difference (percentage points)	+0.34	+0.26

- 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](#)) positively impacted benchmark-relative performance for the month and for the year.

Social Values Choice Bond Fund

Fund	May	YTD
Social Values Choice Bond Fund	1.61%	-0.68%
Bloomberg U.S. Universal (ex MBS) Index	1.56%	-0.91%
Difference (percentage points)	+0.05	+0.23

- For the month, interest rate strategies contributed to positive benchmark-relative results. The gains were partially offset by selection within non-agency mortgage backed securities.
- Year to date, interest rate and currency strategies detracted from performance, but they were more than offset by selection within investment grade credit, and non-agency and agency MBS. An allocation to inflation-linked securities also helped.

U.S. Treasury Inflation Protection Fund

Fund	May	YTD
U.S. Treasury Inflation Protection Fund	1.75%	0.09%
Bloomberg U.S. Inflation Linked Bond Index	1.79%	-0.09%
Difference (percentage points)	-0.04	+0.18

- 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, the fund slightly underperformed the benchmark. Year-to-date, the fund outperformed the benchmark due to security selection decisions.

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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.