

June 2024 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks rose 3.6%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, decreased 0.2% in June. The Bloomberg U.S. Aggregate Bond Index rose 0.9%.
- The Labor Department reported that non-farm U.S. jobs increased by 206,000 in June, while the unemployment rate increased slightly to 4.1%.
- First quarter 2024 economic output in the United States increased at an annualized rate of 1.4% according to the third estimate from the Bureau of Economic Analysis.
- The rate of increase in the Core Personal Consumption Expenditures (PCE) Price Index, the U.S. Federal Reserve's (Fed) preferred inflation measure, decelerated to 2.6% for the 12 months ended in May, which was in line with expectations.
- The U.S. Equity Fund, International Equity Fund, Fixed Income Fund, Inflation Protection Fund and Multiple Asset Fund underperformed their respective benchmarks for the month.

Monthly Overview

U.S. Stocks Continue 2024 Gains

U.S. equities rose in June, driven by large growth stocks. The S&P 500 Index increased 3.6%, and the NASDAQ Composite Index rose 6.0%. In terms of market capitalization, Nvidia briefly became the world's largest company. Apple had lagged Microsoft and Nvidia in artificial intelligence (AI) applications but announced in June that it would bring generative AI to the iPhone and other products, leading to Apple's 9.6% gain in June. All seven "Magnificent Seven" stocks produced gains in the month. Elsewhere in the U.S. equity market, small- and mid-cap stocks underperformed the large-cap market. The Russell 2000 Index of small company stocks declined 0.9% in June and finished the second quarter down 3.3%. The Russell Midcap Index declined 0.7% in June and finished the second quarter down 3.3%.

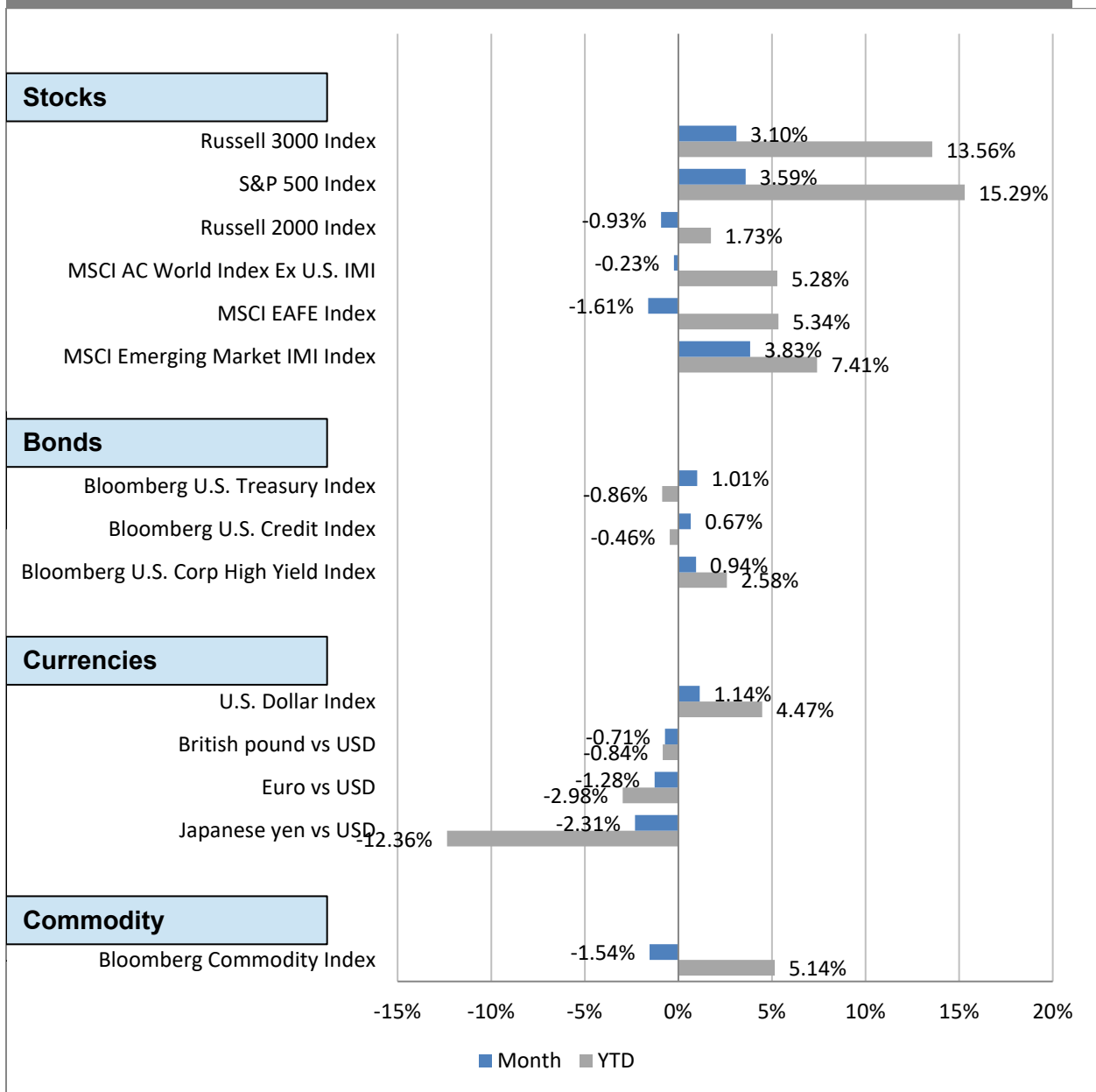
In the bond market, the Bloomberg U.S. Aggregate Index rose 0.9% in June. The Bloomberg U.S. Treasury Index increased 1.0%, and the Bloomberg U.S. Credit Index increased 0.7%. U.S. Treasury yields decreased in June as inflation decelerated. The Bloomberg Commodity Index decreased 1.5%. Core PCE inflation measured 2.6% year-over-year, and headline CPI inflation measured 3.3% year-over-year. The Bureau of Labor Statistics reported that non-farm employment increased by a healthy 206,000 jobs in June, although it revised the gains in April and May lower by a combined 111,000. Unemployment rose slightly to 4.1% in June.

International Markets Mixed in June

Emerging market equities outperformed developed market equities in June, with the MSCI Emerging Markets IMI Index returning 3.8% versus a decline of 1.6% for the MSCI EAFE Index of developed market stocks. The MSCI AC World ex USA IMI, which represents a broad universe of non-U.S. stocks in both developed and emerging markets, decreased 0.2% in June. The Japanese yen declined 2.3% against the U.S. dollar to nearly a 40-year low. The European Central Bank (ECB) and Swiss National Bank cut interest rates in June, and U.K. inflation fell to the Bank of England's 2% inflation target. Indian Prime Minister Narendra Modi won re-election and Claudia Sheinbaum became the first female president in Mexico's history. France held its first round of parliamentary elections.

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 June 30, 2024.

Key Monthly Economic Statistics

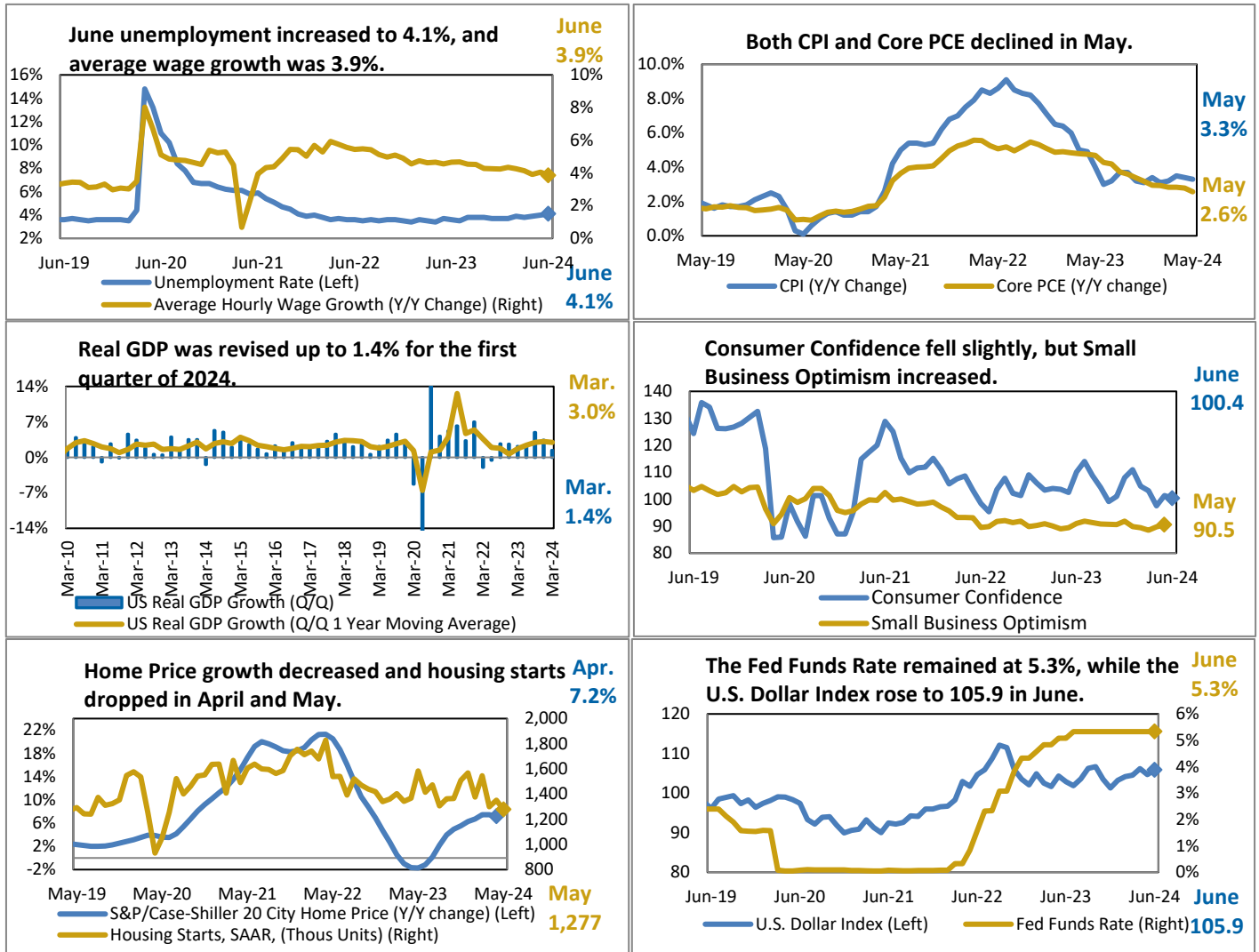
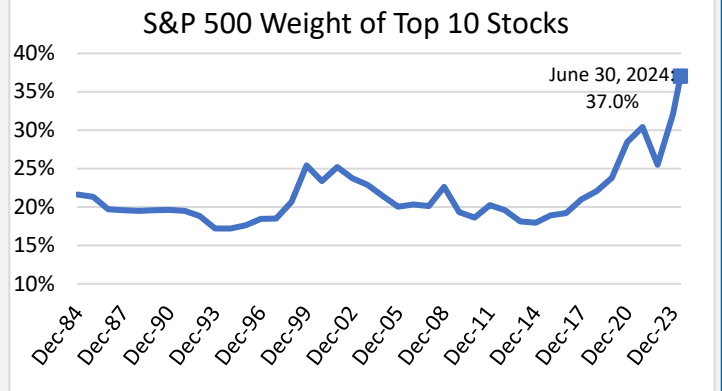


Chart of the Month

- Large growth companies, particularly those profiting from AI innovations, have led the U.S. equity market in 2024.
- Over the last year and a half, strong performance of the largest U.S. companies has driven their stock prices higher, leading to levels of concentration in U.S. equity indexes not seen in decades.
- Nvidia has been the largest contributor to year-to-date equity gains, rising 150% and more than doubling its weight in major equity indexes over the last six months.



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	June	QTD	YTD
U.S. Equity Fund	1.15%	-0.39%	8.89%
Russell 3000 Index	3.10%	3.22%	13.56%
Difference (percentage points)	-1.95	-3.61	-4.67

- During the month, the fund's underweight to mega-cap stocks and the strategic overweight to small- and mid-cap stocks hurt benchmark-relative performance. Active managers' investments in IT, energy and health care detracted for the month while Wespath's Investment Exclusion policies (described [here](#)) helped benchmark-relative performance.
- In the second quarter, the fund underperformed its benchmark due to the underweight to mega-cap stocks and the strategic overweight to small- and mid-cap stocks. Additionally, active managers' investments in IT, health care and industrials hurt 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 also detracted from benchmark-relative performance. Wespath's Investment Exclusion policies (described [here](#)) helped benchmark-relative performance.

International Equity Fund

Fund	June	QTD	YTD
International Equity Fund	-1.27%	-0.13%	2.54%
MSCI ACWI ex U.S. Investable Market Index (Net)	-0.23%	0.92%	5.28%
Difference (percentage points)	-1.04	-1.05	-2.74

- In June, the fund underperformed its benchmark primarily due to active managers' investments in industrials, materials and IT. The fund's fair market valuation policy (described [here](#)) detracted from benchmark-relative performance.
- In the second quarter, the fund underperformed its benchmark primarily due to active managers' investments in industrials, consumer discretionary and IT. The fund's fair market valuation policy detracted from benchmark-relative performance. Allocation to private equity and Wespath's Investment Exclusion policies (described [here](#)) helped benchmark-relative performance.
- Year to date, the fund underperformed its benchmark due to active managers' investments in financials, health care and industrial stocks. Allocation to private equity and private real estate also detracted from relative performance.

U.S. Equity Index Fund

Fund	June	QTD	YTD
U.S. Equity Index Fund	3.03%	3.01%	13.43%
Russell 3000 Index	3.10%	3.22%	13.56%
Difference (percentage points)	-0.07	-0.21	-0.13

- 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, quarter-to-date and year-to-date, certain stocks excluded in accordance with Wespath's Investment Exclusion policies (described [here](#)) contributed positively to relative performance.
- Effective June 1, this fund is now available to participants.

Fixed Income Funds

Fixed Income Fund

Fund	June	QTD	YTD
Fixed Income Fund	0.62%	0.27%	0.19%
Bloomberg U.S. Universal (ex MBS) Index	0.84%	0.23%	-0.07%
Difference (percentage points)	-0.22	+0.04	+0.26

- In June, overweight allocations to, and issue selection within, both global and emerging market debt detracted from relative results.
- For the quarter, the overweight allocation to, and manager issue selection within, high-yield bonds contributed positively to benchmark-relative performance. The allocations to alternatives, affordable housing via Wespath's Positive Social Purpose (PSP) Lending Program and the agency commercial mortgage-backed securities (Agency CMBS) accounts added. Core plus manager issue selection also contributed. The overweight allocation to, and issue selection within, emerging market debt detracted.
- Year to date, overweight allocation to, and issue selection within, below investment grade corporate credit benefitted relative results. The allocation to affordable housing via Wespath's PSP Lending Program, as well as Agency CMBS, contributed. The allocation to alternatives and issue selection within core plus also helped. Positive results were partially offset by the allocation to global bonds and overweight to emerging market debt.

Extended Term Fixed Income Fund

Fund	June	QTD	YTD
Extended Term Fixed Income Fund	1.45%	-1.23%	-3.13%
Bloomberg U.S. Government/Credit Long Term Index	1.09%	-1.73%	-4.10%
Difference (percentage points)	+0.36	+0.50	+0.97

- For the month, three of the four managers outperformed their respective benchmarks and the fourth manager performed in line. Security selection within the long duration government credit plus and long duration CMO accounts were notable contributors.
- Quarter to date, four out of four managers outperformed their individual benchmarks helping relative results.
- Year to date, all four managers outperformed with the long government credit plus managers outperforming by the biggest margin.

Inflation Protection Fund

Fund	June	QTD	YTD
Inflation Protection Fund (IPF)	-0.01%	0.46%	0.46%
IPF Benchmark ⁱⁱ	0.55%	1.01%	1.15%
Difference (percentage points)	-0.56	-0.55	-0.69

- For June, the commodities manager's issue selection benefited performance. Five out of six managers outperformed their respective benchmarks for the month. Positive results were more than offset by the allocation to, and issue selection within, emerging market inflation-linked bonds and the allocation to developed market inflation-linked bonds.
- Quarter to date, relative results benefited from the allocation to alternatives and the allocation to, and selection within, the floating rate senior secured loans strategy. These gains were more than offset by the allocation to, and issue selection within, the emerging market inflation-linked bond strategy and the allocation to developed market inflation-linked bonds.
- Year to date, the allocations to alternatives and floating rate senior secured loans, as well as the commodities manager's issue selection, contributed positively to relative results. Positive results were more than offset by the allocation 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	June	QTD	YTD
Short Term Investment Fund (STIF)	0.44%	1.30%	2.63%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.41%	1.33%	2.65%
Difference (percentage points)	+0.03	-0.03	-0.02

- For the month, quarter to date, 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	June	QTD	YTD
Multiple Asset Fund (MAF)	0.18%	-0.09%	4.07%
MAF Benchmark ⁱⁱⁱ	1.28%	1.58%	6.36%
Difference (percentage points)	-1.10	-1.67	-2.29

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

Social Values Choice Suite of Funds

Social Values Choice Equity Fund

Fund	June	QTD	YTD
Social Values Choice Equity Fund (SVCEF)	2.46%	3.30%	13.35%
SVCEF Benchmark ^{iv}	2.49%	2.97%	13.11%
Difference (percentage points)	-0.03	+0.33	+0.24

- The Social Values Choice Equity Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. For the month, quarter-to-date and year-to-date, certain stocks excluded in accordance with Wespath's Investment Exclusion policies (described [here](#)) contributed positively to relative performance.

Social Values Choice Bond Fund

Fund	June	QTD	YTD
Social Values Choice Bond Fund	0.92%	0.42%	0.24%
Bloomberg U.S. Universal (ex MBS) Index	0.84%	0.23%	-0.07%
Difference (percentage points)	+0.08	+0.19	+0.31

- For the month, interest rate strategies contributed positively to benchmark-relative results.
- Quarter to date, interest rate strategies contributed positively to benchmark-relative results as did selection within investment grade credit and the allocation to inflation-linked bonds. Selection within agency MBS and currency strategies detracted.
- Year to date, selection within investment grade credit and non-agency and agency MBS helped, as did exposure to inflation-linked bonds. Interest rate strategies and the underweight to U.S. dollar denominated emerging markets bonds detracted.

U.S. Treasury Inflation Protection Fund

Fund	June	QTD	YTD
U.S. Treasury Inflation Protection Fund	0.80%	0.94%	0.89%
Bloomberg U.S. Inflation Linked Bond Index	0.75%	0.76%	0.66%
Difference (percentage points)	+0.05	+0.18	+0.23

- 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, quarter, and 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.
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