

March 2024 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks gained 3.2%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI returned +3.1% in March. The Bloomberg U.S. Aggregate Bond Index returned +0.9%.
- In March, U.S. employers added 303,000 non-farm jobs, well above expectations. The unemployment rate decreased to 3.8%.
- The Commerce Department revised Q4 2023 GDP slightly higher to 3.4% from the previous estimate of 3.2%
- 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 February, in line with expectations.
- The U.S. Equity Fund and Fixed Income Fund outperformed their respective benchmarks for the month, while the International Equity Fund, Inflation Protection Fund and Multiple Asset Fund underperformed their respective benchmarks.

Monthly Overview

Fed holds rates steady in March as inflation remains persistent

The Fed held benchmark interest rates stable at 5.25% - 5.5% during its March 20 meeting, waiting for progress toward its 2% inflation target before considering cuts. Markets reacted positively, with the S&P 500, Dow, and NASDAQ hitting record highs, as the Fed maintains its outlook for three interest rate cuts in 2024. The Fed is not alone in assessing monetary policy, and central banks around the world are determining when to initiate interest rate changes. Switzerland became the first major economy to reduce its policy rates by 0.25% to 1.50%, stating that inflation should remain below 2% for the near future. In contrast, the Bank of Japan raised interest rates for the first time in 17 years, ending a negative interest rate policy.

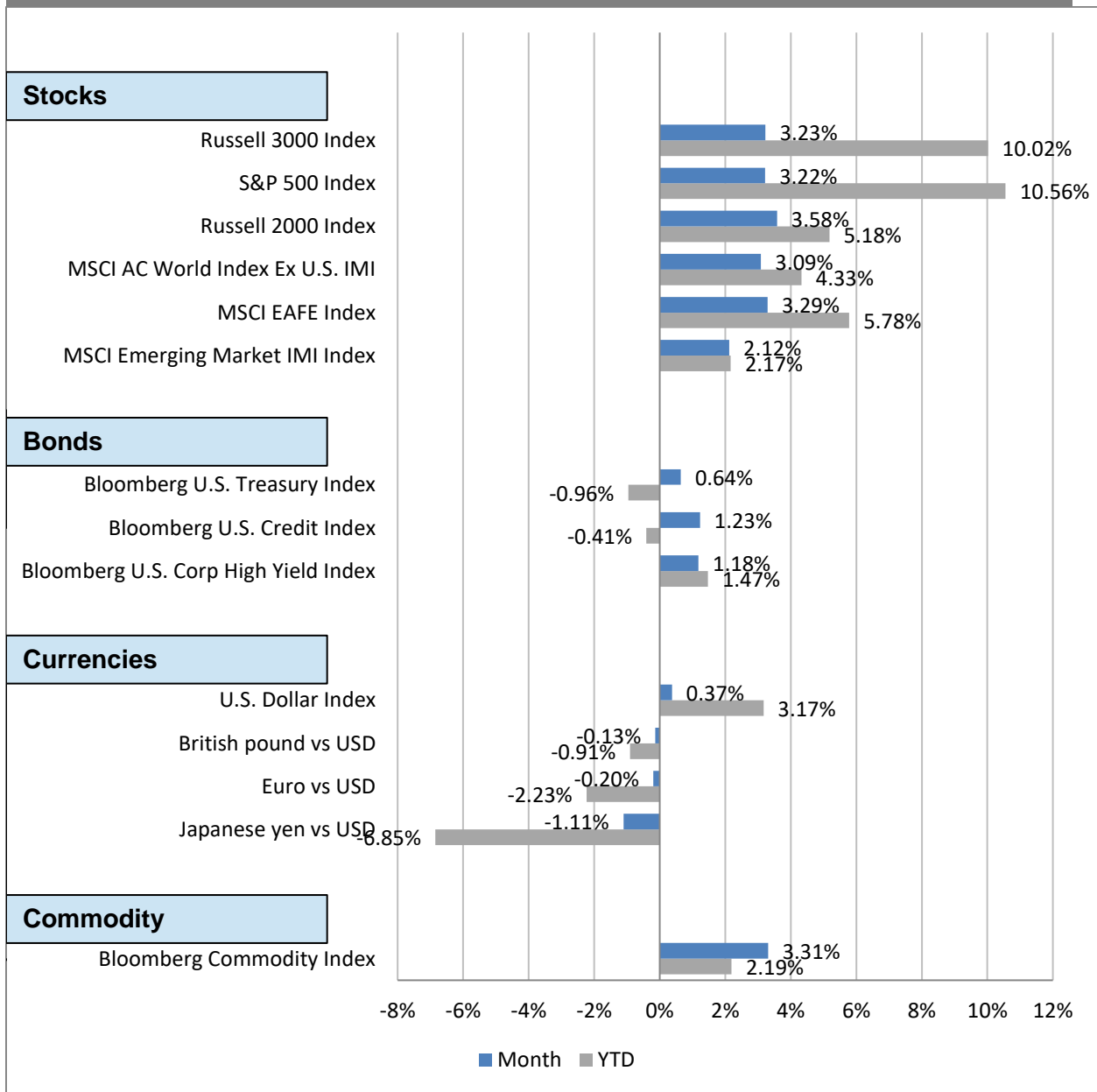
Inflation remains persistent in multiple sectors of the economy as evident in the March Consumer Price Index (CPI), which rose 3.2% over the last 12 months. Sectors such as shelter and gasoline continue to keep inflation running above 3%. Another area of inflation that made headlines in March is the recent spike in cocoa prices. The price of cocoa beans surged more than 120% this year, with cocoa futures trading at more than \$10,000 per metric ton. Price increases are the result of factors such as weather patterns, production cuts, rising freight costs and economic uncertainty in certain West African cocoa producing nations.

U.S. Equity Markets Reach Record Highs During Q1

In March, the S&P 500 experienced its best first quarter performance in five years. Small cap stocks increased 3.6% while large cap stocks increased 3.2%, as represented by the Russell 2000 and Russell 1000, respectively. The market rally broadened beyond just the Magnificent 7 mega-cap technology stocks, with all 11 sectors in the S&P, except for real estate, rising during the month. International equity markets ended the month higher, with Japan's Nikkei index increasing 3% and hitting a new all-time high in March. In fixed income markets, bond yields moved modestly lower. The Bloomberg U.S. Treasury Index gained 0.6% while the Bloomberg Credit Index increased 1.2%.

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

Market Performance



Source: FactSet, as of March 31, 2024.

Key Monthly Economic Statistics

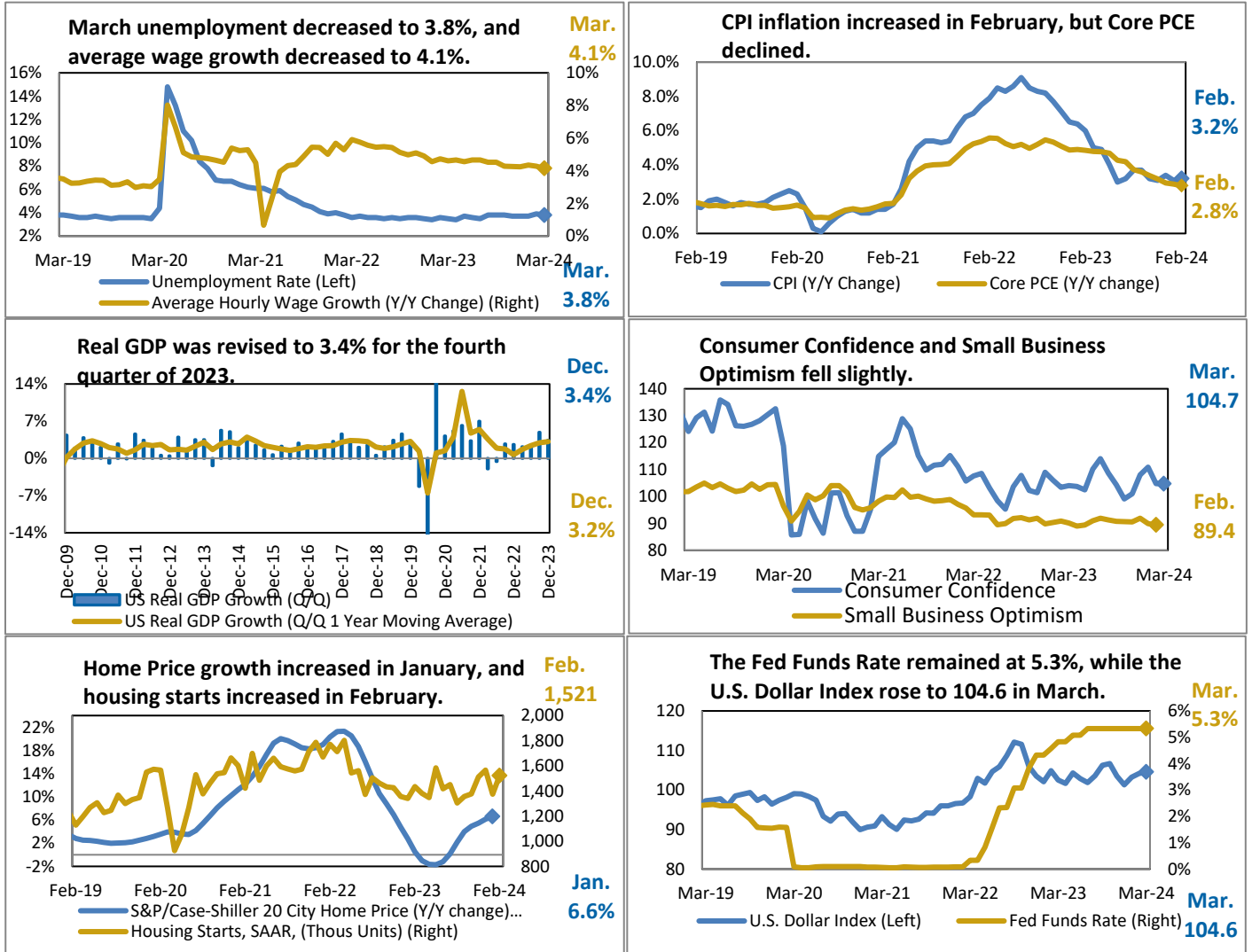
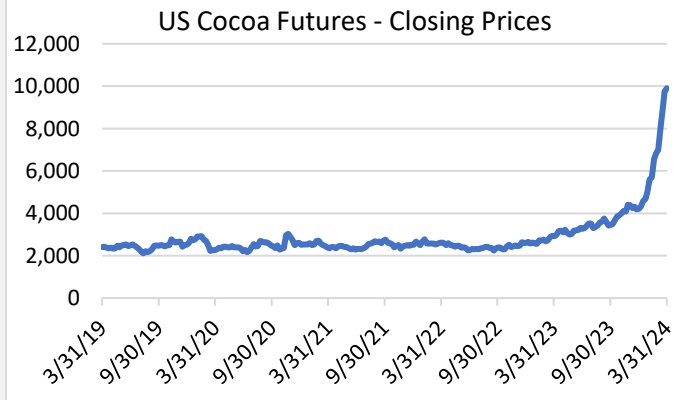


Chart of the Month

- In March, cocoa futures briefly topped \$10,000 per metric ton for the first time ever.
- Poor harvests in West Africa have caused prices to rise substantially, due to bad weather and disease.
- Speculators, such as hedge funds, have also been piling into cocoa futures trading, which has helped prices stay at all-time highs.



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	March	YTD
U.S. Equity Fund	3.36%	9.32%
Russell 3000 Index	3.23%	10.02%
Difference (percentage points)	+0.13	-0.70

- During the month, the fund outperformed its benchmark due to its underweight to mega cap stocks. Active managers' investments in IT, financials and energy also contributed positively to relative performance.
- Year to date, the fund underperformed its benchmark. The strategic underweight to mega cap stocks and our allocation to private equity and real estate detracted from relative performance. Certain stocks excluded in accordance with Wespath's Investment Exclusion policies (described [here](#)) positively impacted relative performance.

International Equity Fund

Fund	March	YTD
International Equity Fund	2.45%	2.67%
MSCI ACWI ex U.S. Investable Market Index (Net)	3.09%	4.33%
Difference (percentage points)	-0.64	-1.66

- During the month, the fund underperformed its benchmark. Active managers' investments in information technology, financials and consumer discretionary stocks detracted from relative performance. The fund's allocation to private equity and real estate 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. The fund's allocation to private equity and real estate detracted from relative performance. Additionally, the fund's fair market valuation policy (described [here](#)) positively impacted benchmark-relative performance.

U.S. Equity Index Fund

Fund	March	YTD
U.S. Equity Index Fund	3.25%	10.12%
Russell 3000 Index	3.23%	10.02%
Difference (percentage points)	+0.02	+0.10

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

Fixed Income Funds

Fixed Income Fund

Fund	March	YTD
Fixed Income Fund	0.98%	-0.08%
Bloomberg U.S. Universal (ex MBS) Index	0.96%	-0.30%
Difference (percentage points)	+0.02	+0.22

- In March, overweight allocations to high-yield bonds and emerging market debt added to relative results. Issue selection within emerging markets also positively contributed.
- Year to date, overweight allocations to, and issue selection within, investment grade and 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 agency CMBS also contributed.

Extended Term Fixed Income Fund

Fund	March	YTD
Extended Term Fixed Income Fund	1.56%	-1.93%
Bloomberg U.S. Government/Credit Long Term Index	1.59%	-2.41%
Difference (percentage points)	-0.03	+0.48

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

Inflation Protection Fund

Fund	March	YTD
Inflation Protection Fund	0.88%	0.00%
IPF Benchmark ⁱⁱ	1.07%	0.14%
Difference (percentage points)	-0.19	-0.14

- For March, the commodities manager's selection contributed positively to benchmark relative results, but that was more than offset by emerging and developed market inflation-linked bonds. Selection within emerging markets and Wespath's fair market value adjustment in the U.S. Treasury Inflation Protection Securities portfolio—which was applied on March 28, 2024, due to an early market close that day—also detracted.
- Year to date, the allocation to floating rate senior secured loans and the commodities manager's issue selections contributed positively to relative results. Positive results were more than offset by the allocations to, and issue selection within, emerging and developed market inflation-linked bonds.

Short Term Investment Fund

Fund	March	YTD
Short Term Investment Fund (STIF)	0.48%	1.31%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.45%	1.30%
Difference (percentage points)	+0.03	+0.01

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

Balanced Fund

Multiple Asset Fund

Fund	March	YTD
Multiple Asset Fund	2.29%	4.16%
MAF Benchmark ⁱⁱⁱ	2.40%	4.71%
Difference (percentage points)	-0.11	-0.55

- 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	March	YTD
Social Values Choice Equity Fund (SVCEF)	3.28%	9.73%
SVCEF Benchmark ^{iv}	3.37%	9.85%
Difference (percentage points)	-0.09	-0.12

- 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 but has had a positive impact for the year.

Social Values Choice Bond Fund

Fund	March	YTD
Social Values Choice Bond Fund	0.92%	-0.18%
Bloomberg U.S. Universal (ex MBS) Index	0.96%	-0.30%
Difference (percentage points)	-0.04	+0.12

- For the month, interest-rate strategies and the underweight to U.S. dollar-denominated emerging market issues detracted from benchmark-relative performance. Security selection within investment grade credit and Agency-MBS helped offset negative results.
- Year to date, interest rate and currency strategies detracted from relative results as did the underweight to and selection within U.S. dollar denominated emerging market debt. These results were more than offset by selection decisions within investment grade credit and mortgage-backed securities, both agency and non-agency.

U.S. Treasury Inflation Protection Fund

Fund	March	YTD
U.S. Treasury Inflation Protection Fund	0.64%	-0.05%
Bloomberg U.S. Inflation Linked Bond Index	0.82%	-0.11%
Difference (percentage points)	-0.18	+0.06

- 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 underperformed the benchmark due to Wespeth’s fair market value (FMV) adjustment applied on March 28, 2024, given the early market close on that day. The FMV adjustment adjusts prices by an amount based on full trading day pricing assumptions.
- Year to date, the fund outperformed. The impact from the FMV adjustment offset the impact from the December 31, 2023, adjustment.

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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.