

## 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 – I Series, Inflation Protection Fund – I Series and Multiple Asset Fund – I Series underperformed their respective benchmarks for the month, while the International Equity Fund – I Series outperformed its benchmark. The Fixed Income Fund – I series was in line with its benchmark for the month.

### Monthly Overview

#### Mixed Economic Data

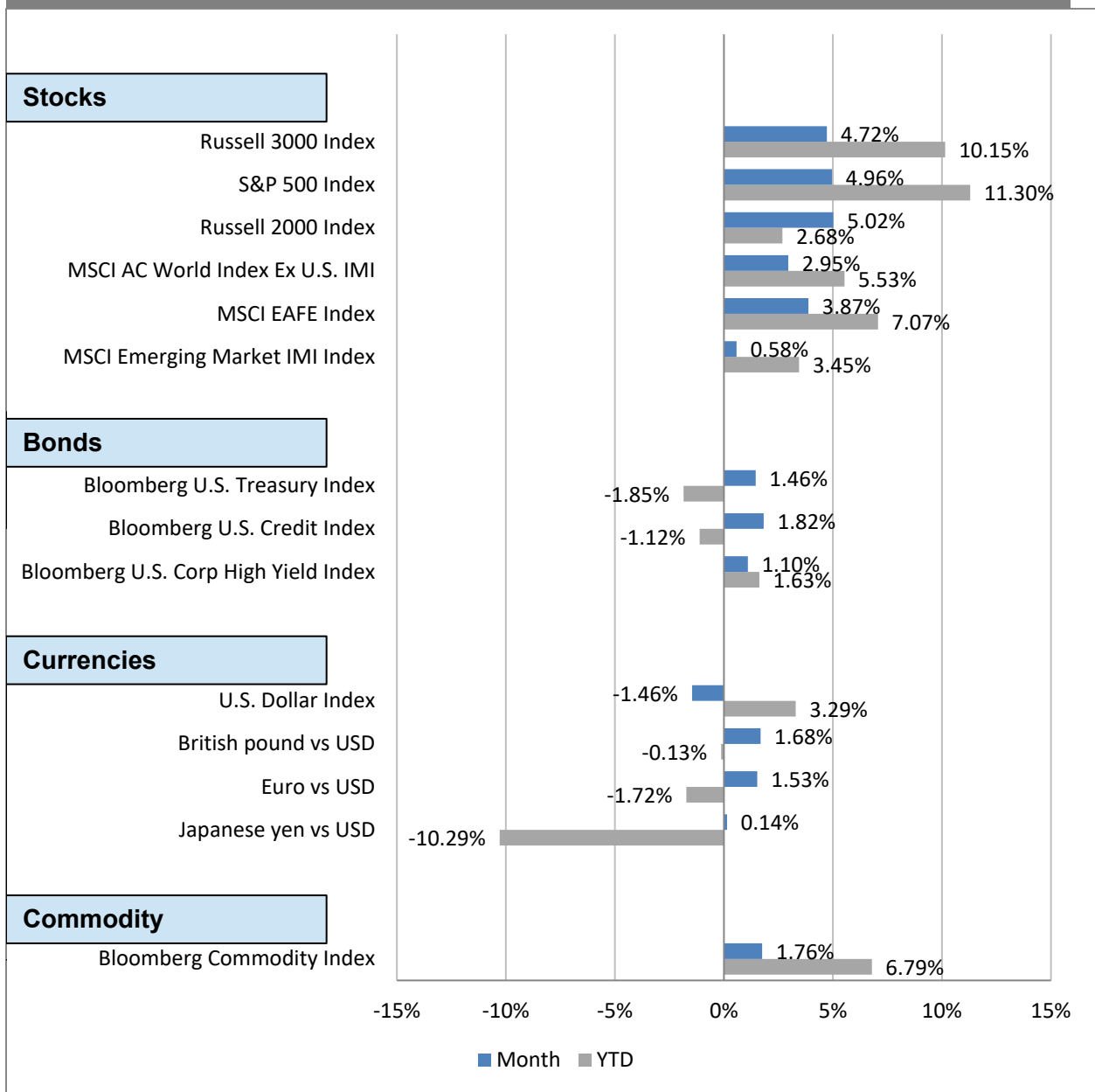
In May, the global economy showed mixed signals. The U.S. economy grew slower than previously estimated during the first three months of the year, with GDP expanding by an estimated annualized rate of 1.3%, revised down from the first advance estimate of 1.6%. Inflation remained a concern as the rise 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.

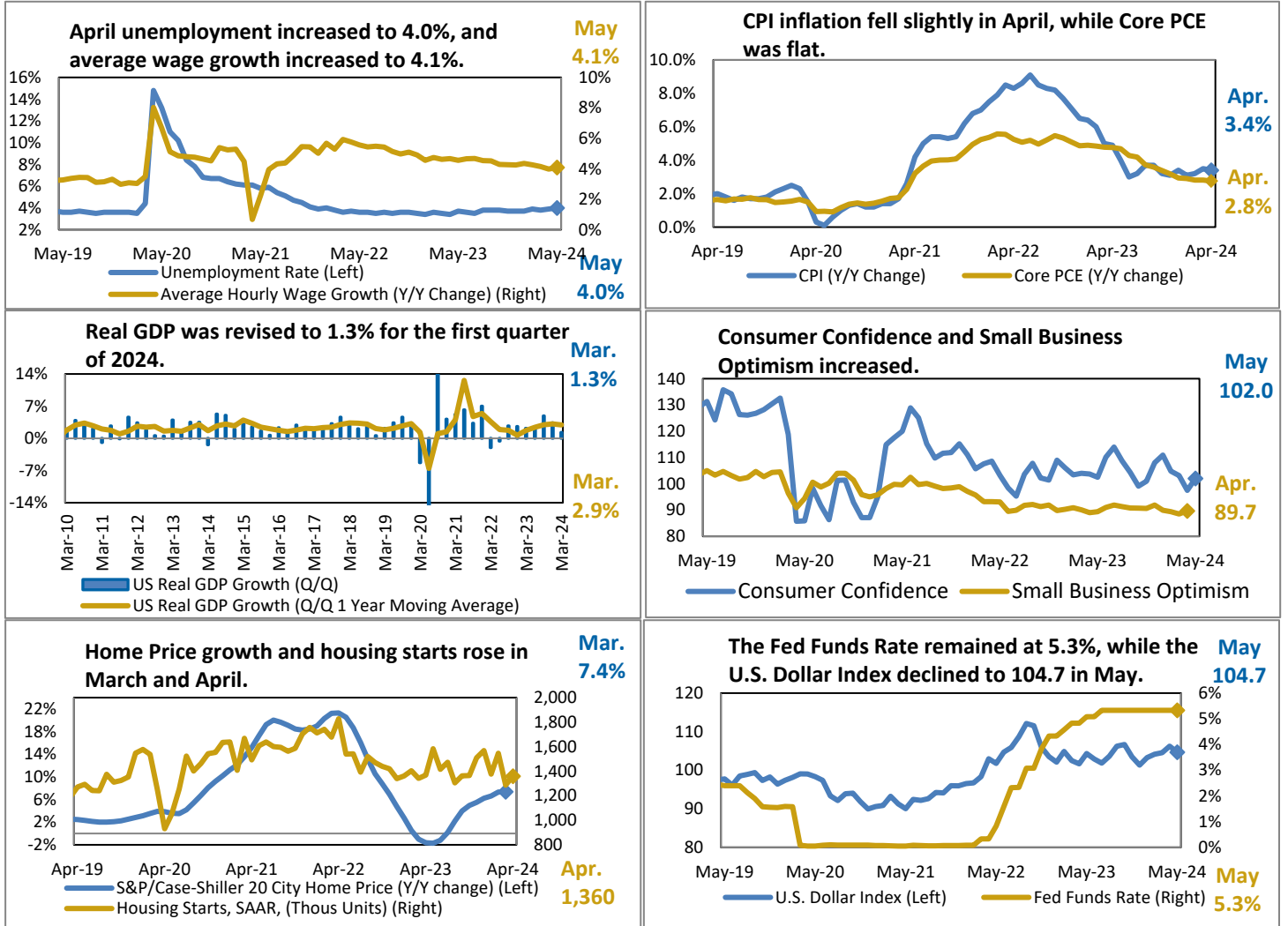
In the bond market, the Bloomberg U.S. Aggregate Index rose by 1.7% as the U.S. Treasury yield curve shifted downward. The 10-year Treasury yield decreased 0.2%, reaching 4.5% by the end of the month.

## Market Performance



Source: FactSet, as of May 31, 2024.

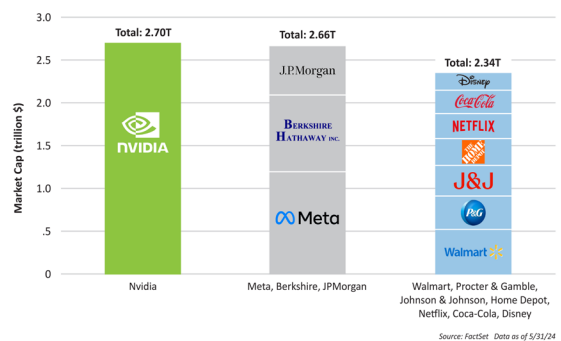
## Key Monthly Economic Statistics



### 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)<sup>i</sup>

### Equity Funds

#### U.S. Equity Fund – I Series

Fund	May	YTD
U.S. Equity Fund – I Series	3.50%	7.89%
Russell 3000 Index	4.72%	10.15%
Difference (percentage points)	-1.22	-2.26

- During the month, the fund underperformed its benchmark primarily due to its underweight to mega-cap stocks. The strategic overweight to small- and mid-cap stocks, and active managers' investments in IT and health care, also detracted for the month.
- 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 – I Series

Fund	May	YTD
International Equity Fund – I Series	3.53%	4.10%
MSCI ACWI ex U.S. Investable Market Index (Net)	2.95%	5.53%
Difference (percentage points)	0.58	-1.43

- 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 and active managers' investments in consumer discretionary and IT also helped benchmark-relative performance.
- Year to date, the fund has underperformed its benchmark due to active managers' investments in financial and industrial stocks. Wespath'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 – I Series

Fund	May	YTD
U.S. Equity Index Fund – I Series	4.65%	10.19%
Russell 3000 Index	4.72%	10.15%
Difference (percentage points)	-0.07	+0.04

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. Stocks excluded in accordance with Wespath’s Investment Exclusion policies (described [here](#)) contributed to both month-to-date and year-to-date performance.

### Fixed Income Funds

#### Fixed Income Fund – I Series

Fund	May	YTD
Fixed Income Fund – I Series	1.56%	-0.36%
Bloomberg U.S. Universal (ex MBS) Index	1.56%	-0.91%
Difference (percentage points)	+0.00	+0.55

- In May, positive results from the overweight allocation to global bonds were offset by the manager’s issue selection. Issue selection within the core plus account helped.
- Year to date, overweight allocations to, and issue selection within, below investment grade corporate credit and emerging market debt benefited relative results, as did core plus manager’s issue selection. Allocations to, and issue selection within, Wespath’s Positive Social Purpose Lending Program and U.S. Agency CMBS portfolios also contributed.

### Inflation Protection Fund – I Series

Fund	May	YTD
Inflation Protection Fund – I Series	1.29%	0.34%
IPF-I Benchmark <sup>ii</sup>	1.72%	0.60%
Difference (percentage points)	-0.43	-0.26

- 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, emerging market inflation-linked bonds detracted, as did manager issue selection within the commodities portfolio.
- Year to date, the allocation to 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 bonds.

### Short Term Investment Fund – I Series

Fund	May	YTD
Short Term Investment Fund – I Series (STIF-I)	0.45%	2.15%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.48%	2.23%
Difference (percentage points)	-0.03	-0.08

- For the month, the fund performed in line with the benchmark.
- Year to date, the fund underperformed the benchmark. The fund is exposed to maturities beyond those of the benchmark, which detracted from results because securities maturing in three months or less outperformed those with longer maturities.

**U.S. Treasury Inflation Protection Fund – I Series**

Fund	May	YTD
U.S. Treasury Inflation Protection Fund – I Series	1.75%	0.08%
Bloomberg U.S. Inflation Linked Bond Index	1.79%	-0.09%
Difference (percentage points)	-0.04	+0.17

- 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.

**Balanced Fund****Multiple Asset Fund – I Series**

Fund	May	YTD
Multiple Asset Fund – I Series	2.80%	4.01%
MAF-I Benchmark <sup>iii</sup>	3.10%	5.01%
Difference (percentage points)	-0.30	-1.00

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

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<sup>i</sup> Historical returns are not indicative of future performance. Fund returns are net of fees. Please refer to the [Investment Funds Description – I Series](#) for more information about the funds, including fees and expenses. This is not an offer to purchase securities.

<sup>ii</sup> Effective February 1, 2023, the benchmark for the Inflation Protection Fund – I Series is 90% Bloomberg U.S. Treasury Inflation-Linked Bond Index and 10% Bloomberg Commodity Index.

<sup>iii</sup> The benchmark for the Multiple Asset Fund – I Series 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% IPF Benchmark.