

April 2021 Investment Report

Highlights

- The S&P 500 increased for a third consecutive month, supported by favorable corporate earnings reports, government stimulus and strong economic data.
- U.S. Gross Domestic Product (GDP) increased at an annual rate of 6.4% in the first quarter.
- The unemployment rate rose to 6.1% as U.S. employers added an unexpectedly low 266,000 jobs in April.
- In his first address to Congress, President Biden called for \$2.3 trillion in infrastructure spending along with \$1.8 trillion for family and education programs.
- FIF-I, IPF-I, and IEF-I outperformed, while MAF-I and USEF-I underperformed their respective benchmarks for April.

Monthly Overview

Market and Economic Performance

With corporate earnings season well under way, strong results supported the markets. The S&P 500 Index increased 5.3% for the month as companies reported better-than-expected first quarter earnings. As of April 30, with 60% of companies in the S&P 500 reporting results, 78% beat revenue expectations and 86% exceeded earnings estimates, according to FactSet. International stocks increased 3.2%, as measured by the MSCI AC World Ex U.S. IMI Index. The Bloomberg Barclays Treasury Index increased 0.8% in April as the yields on longer-maturity Treasury bonds decreased.

U.S. personal income increased at a seasonally adjusted annual rate of \$4.2 trillion (+21%) and consumer spending increased at a seasonally adjusted annual rate of \$616 billion (+4.2%) in March, according to data from the Bureau of Economic Analysis (BEA) released last month. The increase in personal income reflected additional government benefits related to pandemic relief. The increase in consumer spending drove U.S. economic expansion to an annual rate of 6.4% in the first quarter, according to the advance estimate of real GDP growth from the BEA. The unemployment rate increased in April as employers added only 266,000 jobs for the month, falling short of the one million expected by economists.

Rising Inflation and Asset Prices

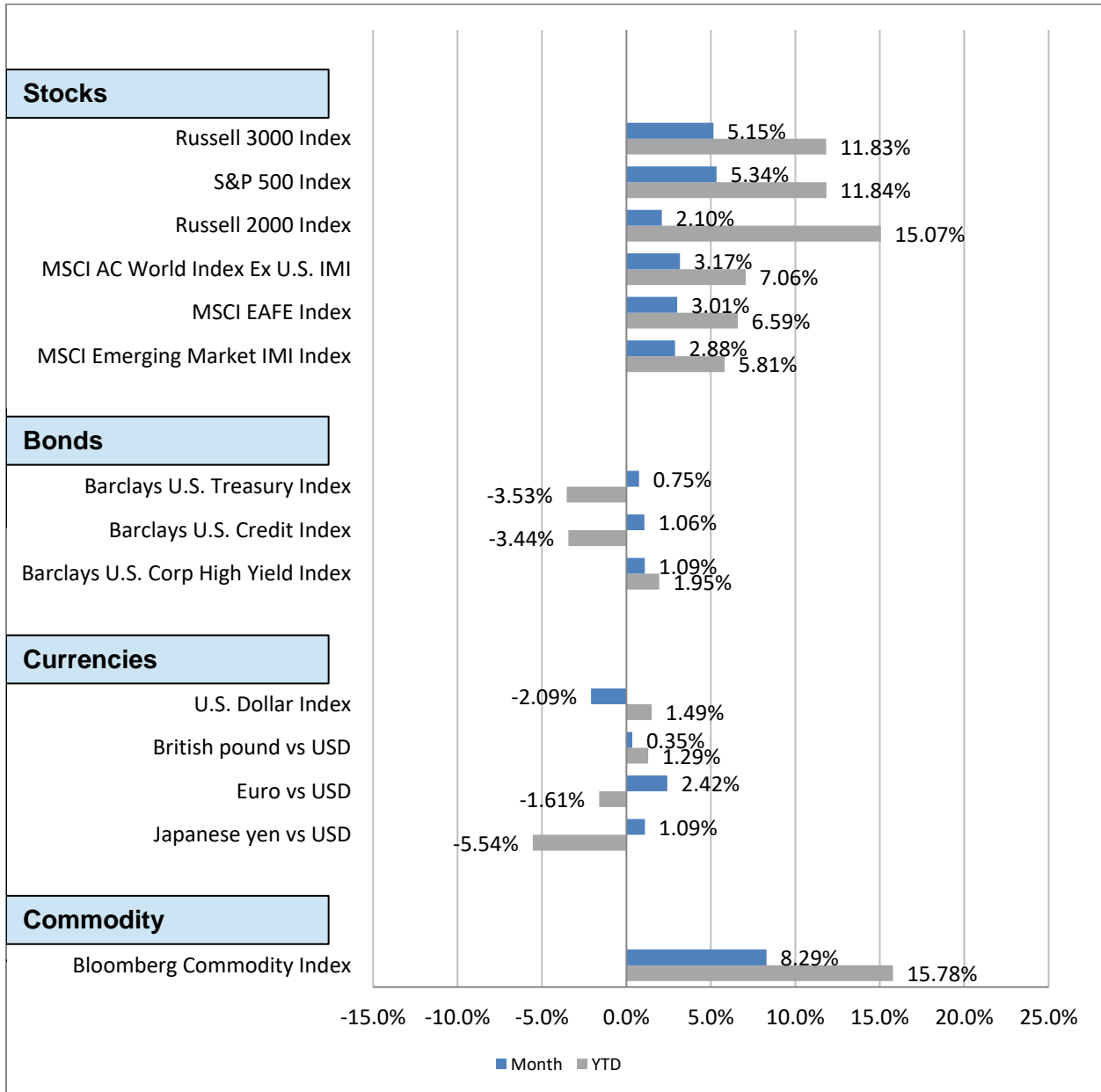
The Consumer Price Index (CPI), the most widely used measure of inflation, jumped in March largely due to a surge in energy prices and higher food prices. The U.S. Bureau of Labor Statistics reported the CPI increased a seasonally adjusted 0.6% in March, the largest single-month increase since August 2012, and increased 2.6% from a year ago. Volatile energy prices played a large role in the increase, as the price of gasoline – now in higher demand as the U.S. economy reopens – increased 9.1% in March and 22.5% from a year ago.

The price of lumber futures increased more than 72% in the first four months of 2021, and lumber futures for May delivery ended April at an all-time high of \$1,500 per thousand board feet. While lumber production declined during the pandemic, low interest rates and greater demand for more living space drove housing starts sharply higher. According to the National Association of Home Builders, increases in lumber prices have added roughly \$36,000 to the price of an average new single-family home, and \$13,000 to an average new multifamily home.

Bitcoin and other such digital assets referred to as “cryptocurrencies” also increased during April as Coinbase, the largest U.S.-based cryptocurrency exchange, began trading on the NASDAQ stock exchange. Coinbase was briefly the most valuable exchange by market capitalization amid volatile trading in its stock.

Sources: FactSet, CME, Coindesk, Bureau of Economic Analysis, Bureau of Labor Statistics, and The Wall Street Journal

Market Performance



Source: FactSet, as of April 30, 2021

Key Monthly Economic Statistics

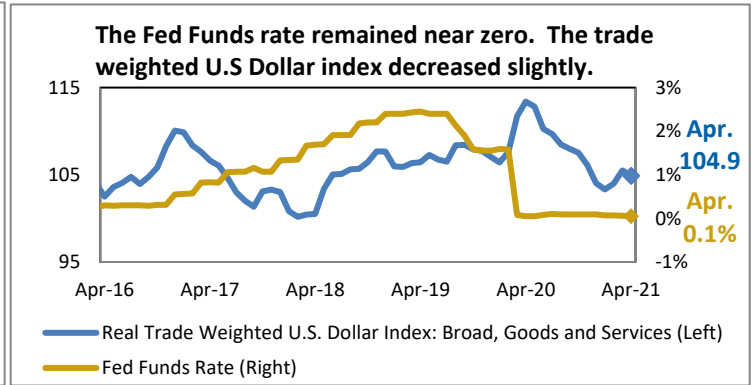
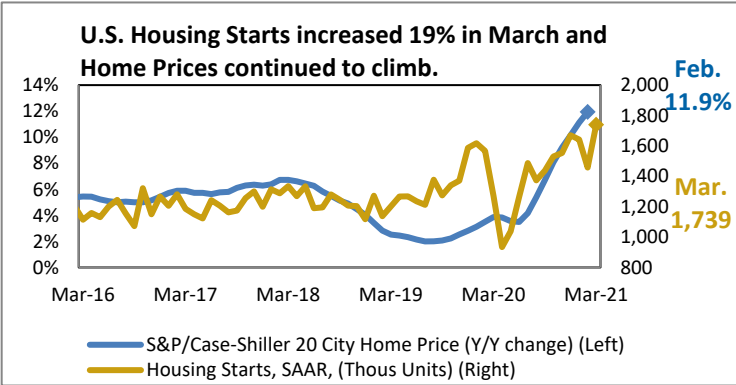
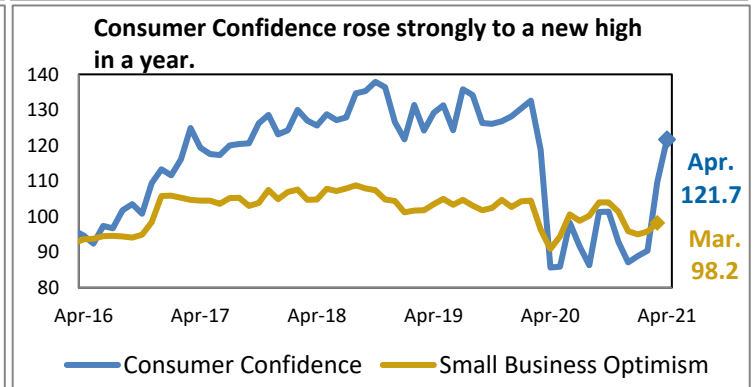
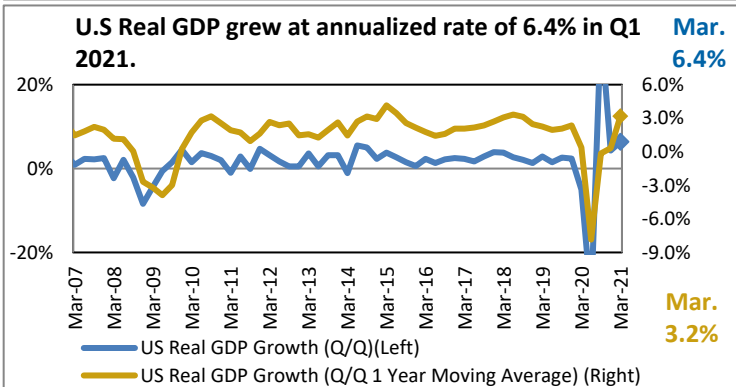
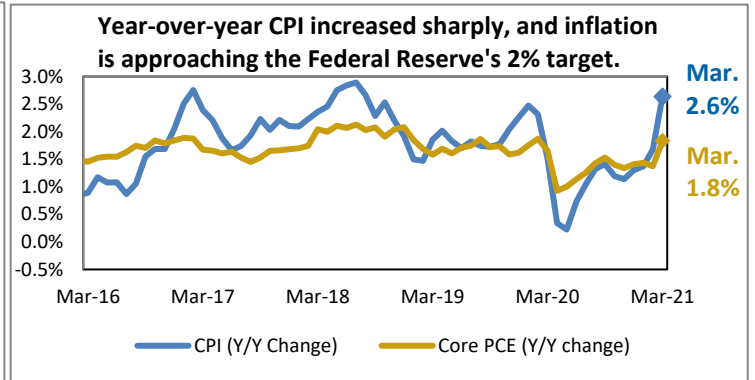
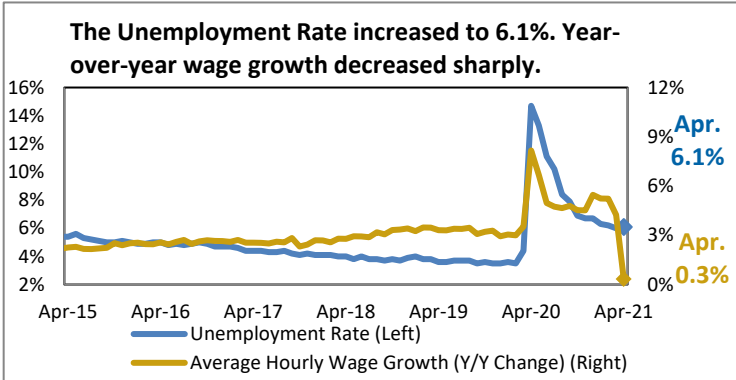
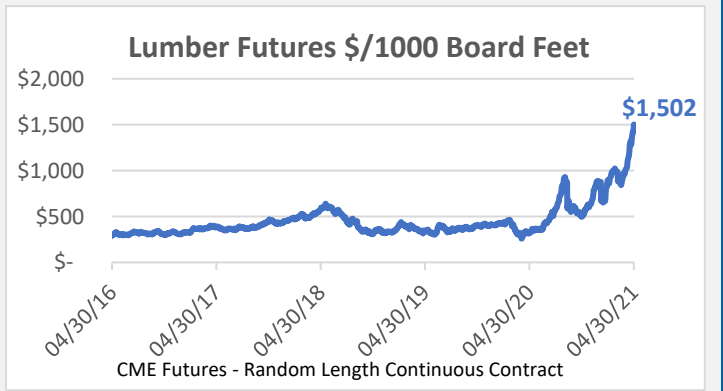


Chart of the Month

- COVID related shutdowns slowed lumber production while demand increased as consumers remodeled existing homes or purchased new ones.
- At the end of April 2021 lumber futures rose to an all-time high of \$1502 per 1000 board feet. That is an increase of 372% from this time in 2020.



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; ISM

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

Equity Funds

U.S. Equity Fund – I Series

Fund	April	YTD
U.S. Equity Fund–I Series	+3.96%	+10.31%
Russell 3000 Index	+5.15%	+11.83%
Difference (percentage points)	-1.19	-1.52

- During the month, the fund underperformed its benchmark due to the majority of active managers trailing their respective benchmarks, an underweight to strong performing large-cap growth companies, and dedicated investments in private equity and private real estate. More specifically, investments in a number of consumer discretionary companies held by two growth-oriented managers were key detractors from benchmark-relative performance.
- Year to date, the fund underperformed its benchmark due to active managers' investments in software and e-commerce companies, an overweight in underperforming small-cap growth companies, and dedicated investments in alternatives. Stocks excluded in accordance with WII's Exclusions Policy (described [here](#)) also detracted from relative performance. The fund benefited from an underweight to large-cap growth stocks. These stocks underperformed due to the continued re-opening of the economy and rotation to more pro-cyclical areas of the market.

International Equity Fund – I Series

Fund	April	YTD
International Equity Fund–I Series	+3.29%	+5.69%
MSCI ACWI ex U.S. Investable Market Index (Net)	+3.17%	+7.06%
Difference (percentage points)	+0.12	-1.37

- During the month, the fund slightly outperformed the benchmark. The fund benefited most from its largest allocation to a growth-oriented manager due to outperforming investments in e-commerce companies. Dedicated investments in alternatives, and the fund's fair market valuation policy (described [here](#)), detracted from benchmark-relative performance during the period.
- Year to date, the fund underperformed its benchmark mainly due to active managers' investments in software companies in developed markets, and poor performing holdings in China. Investments in private real estate and private equity, along with stocks excluded in accordance with WII's Exclusions Policy (described [here](#)), detracted from relative performance.

U.S. Equity Index Fund – I Series

Fund	April	YTD
U.S. Equity Index Fund–I Series	+5.19%	+11.81%
Russell 3000 Index	+5.15%	+11.83%
Difference (percentage points)	+0.04	-0.02

- The U.S. Equity Index Fund-I Series is a passively managed fund designed to closely match the fund benchmark, less fees and expenses.

Fixed Income Funds

Fixed Income Fund – I Series

Fund	April	YTD
Fixed Income Fund–I Series	+1.08%	-2.27%
Barclays U.S. Universal (ex MBS) Index	+0.93%	-2.72%
Difference (percentage points)	+0.15	+0.45

- For the month and year to date, manager selection in the core strategy, and allocations to high-yield rated corporate bonds contributed to benchmark-relative performance, while the allocation to global bonds detracted. Allocations to investment grade corporate and emerging market debt added to relative performance for April but detracted for the year. The fund is moderately less sensitive to changes in interest rates than its benchmark, which negatively impacted benchmark-relative performance during April but added for the year.

Inflation Protection Fund – I Series

Fund	April	YTD
Inflation Protection Fund–I Series	+1.74%	+1.13%
IPF-I Benchmark ⁱⁱ	+1.73%	-0.22%
Difference (percentage points)	+0.01	+1.35

- The fund's underweight exposure to U.K. inflation-linked securities and allocation to commodities contributed to benchmark-relative performance for the month and year. The allocation to senior loans detracted from relative performance for the month while it added for the year.

U.S. Treasury Inflation Protection Fund – I Series

Fund	April	YTD
U.S. Treasury Inflation Protection Fund–I Series	+1.49%	-0.36%
Barclays U.S. Inflation Linked Bond Index	+1.49%	-0.36%
Difference (percentage points)	0.00	0.00

- The U.S. Treasury Inflation Protection Fund-I Series is a passively managed fund designed to closely match the performance of the fund benchmark, less fees and expenses.

Balanced Fund

Multiple Asset Fund – I Series

Fund	April	YTD
Multiple Asset Fund–I Series	+2.80%	+4.87%
MAF-I Benchmark ⁱⁱⁱ	+3.16%	+5.45%
Difference (percentage points)	-0.36	-0.58

- During the month, FIF-I, IPF-I, and IEF-I positively contributed to benchmark-relative performance, but USEF-I detracted.
- Year to date, FIF-I and IPF-I positively contributed to benchmark-relative performance, but USEF-I and IEF-I detracted.

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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 – I Series](#) for more information about the funds. This is not an offer to purchase securities.

ⁱⁱ The benchmark for the Inflation Protection Fund – I Series is 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.

ⁱⁱⁱ 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.
