

## April 2024 Investment Report

### Highlights

- The S&P 500 Index of U.S. stocks declined 4.1%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI declined 1.8% in April. The Bloomberg U.S. Aggregate Bond Index also declined 2.5%.
- In April, U.S. employers added 175,000 non-farm jobs, well below expectations. The unemployment rate increased to 3.9%.
- Economic growth in the United States fell short of expectations, with U.S. gross domestic product (GDP) increasing by the annualized rate of 1.6% 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 March, just above expectations.
- The U.S. Equity Fund – I Series, International Equity Fund – I Series and Multiple Asset Fund – I Series underperformed their respective benchmarks for the month, while the Fixed Income Fund – I Series and Inflation Protection Fund – I Series outperformed their respective benchmarks.

### Monthly Overview

#### U.S. Economic Growth Slows Amidst Rising Stagflation Concerns

The most recent U.S. GDP report confirmed a slowdown in the economy during the first quarter of 2024. GDP for the quarter increased at an annualized rate of 1.6%, which was below the 2.4% estimate and down from the 3.4% growth seen in the previous quarter. Strong consumer spending drove two-thirds of economic activity, offsetting declines in private inventory and increases in imports. In the first quarter of 2024, the PCE Price Index rose at an annualized rate of 3.4%, marking the largest increase in a year. The Federal Reserve's preferred measure, the Core PCE Price Index, which excludes food and energy prices, rose by 3.7% for the same period.

#### Stock Market Downturn Despite Mostly Strong Earnings Report

In April, the major U.S. indices, including the S&P 500, NASDAQ, and Dow Jones Industrial Average, posted their worst monthly performances of the year. The Dow Jones had its worst month since September 2022. Small-cap stocks, represented by the Russell 2000 Index, fell by 7.0%, while large-cap stocks, represented by the Russell 1000 Index, declined 4.3%. International equity markets also ended lower primarily due to tensions in the Middle East, disrupted trade routes and elevated commodity prices threatening global economic stability.

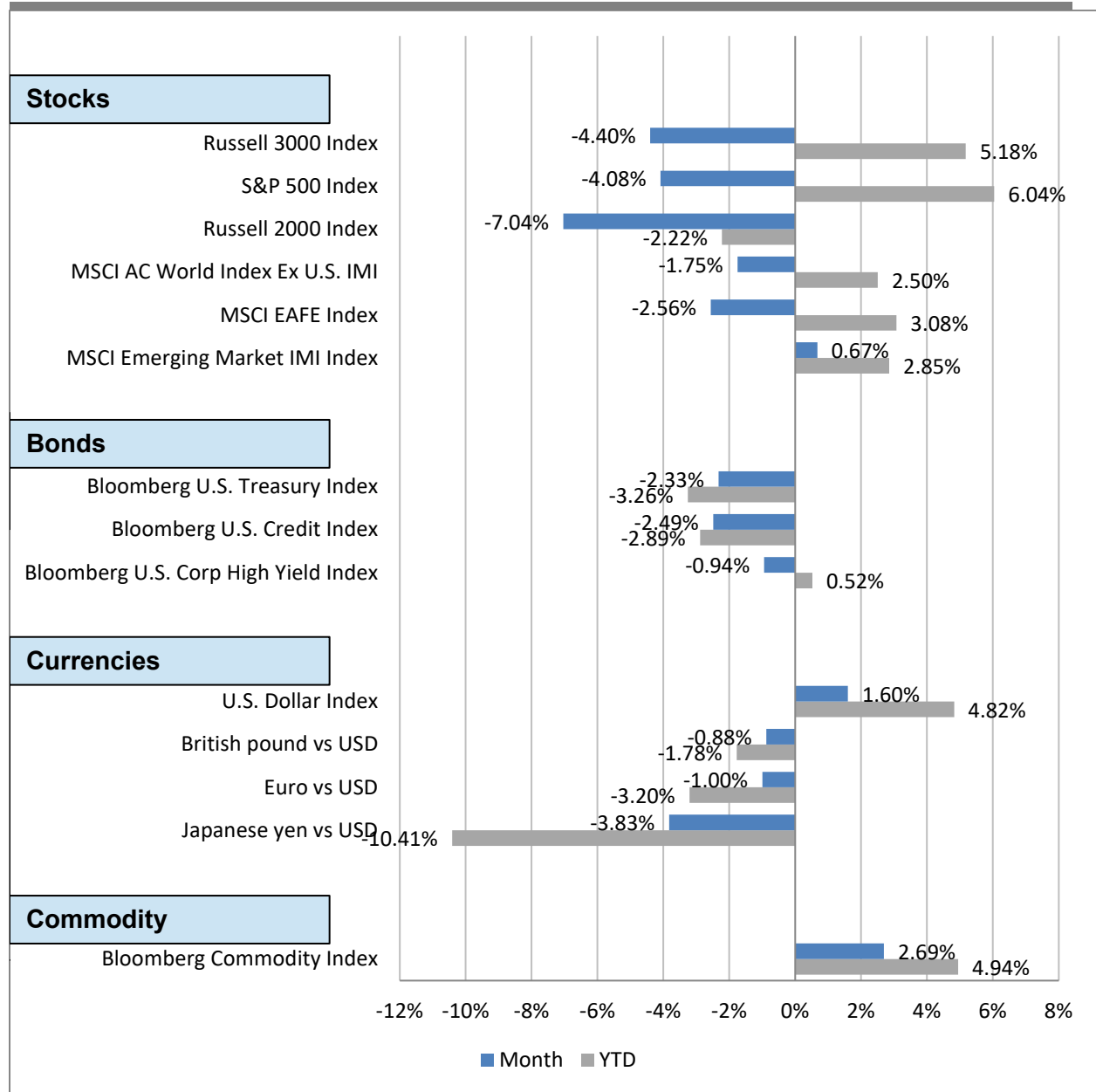
Despite mostly bearish economic data and market returns, some bullish narratives emerged, as corporate earnings reports generally outperformed analysts' expectations. In the big-tech sector, strong reported earnings highlighted the enduring strength of the AI growth theme. Five of the "Magnificent Seven" companies—Alphabet, Amazon, Meta, Microsoft and Tesla—reported their quarterly earnings in April. Tesla's Earnings Per Share (EPS) and revenue were lower than expected; however, its stock price surged after achieving a milestone in deploying advanced driver-assistance technology in China. Meta earnings report exceeded expectations. Meta CEO Mark Zuckerberg cautioned that the company would need to increase investments before AI related revenue gains can be seen. These remarks led to a decline in Meta's stock price. Alphabet, Amazon and Microsoft beat revenue and EPS expectations, boosting market sentiment.

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

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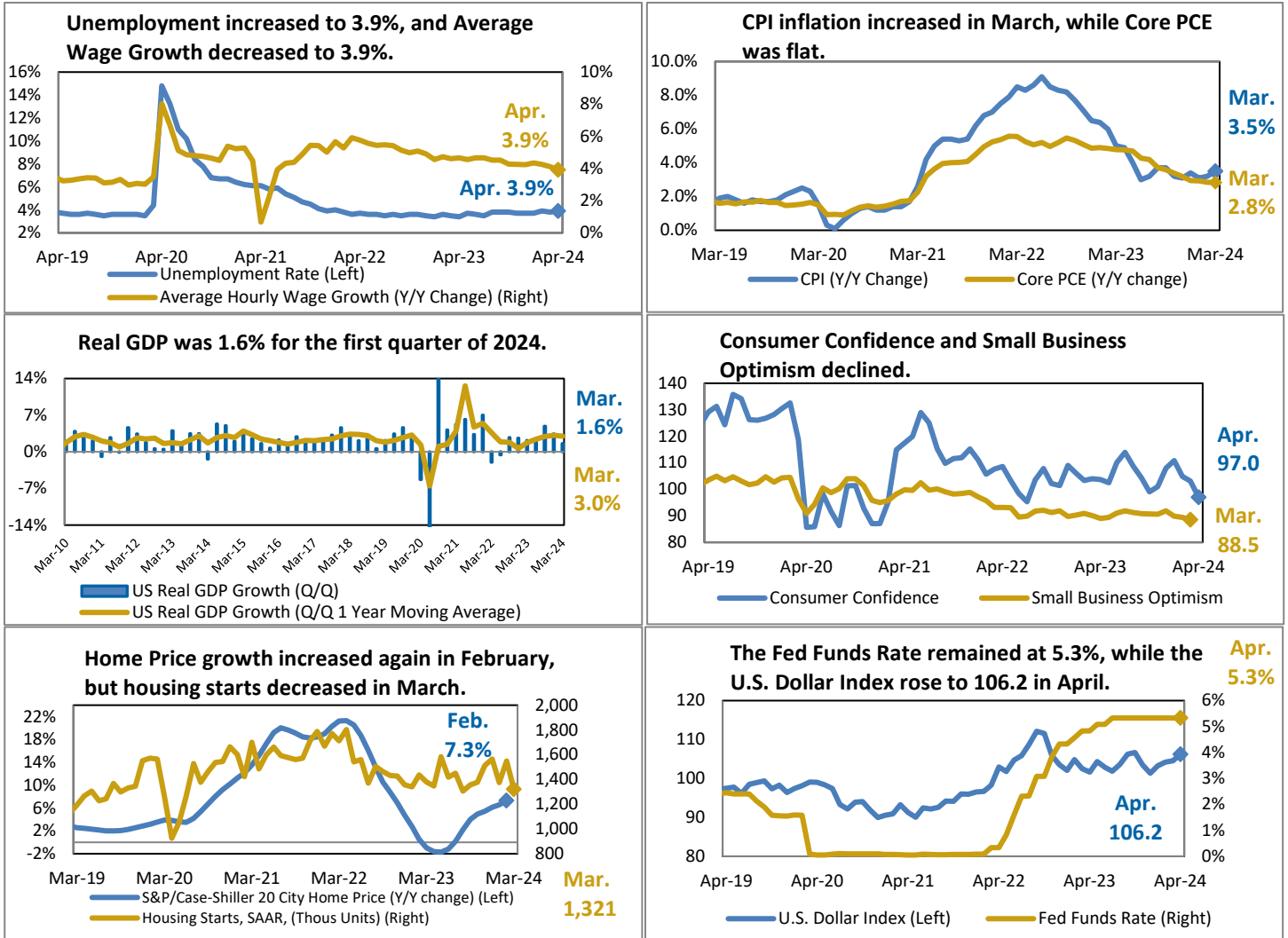
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## Market Performance



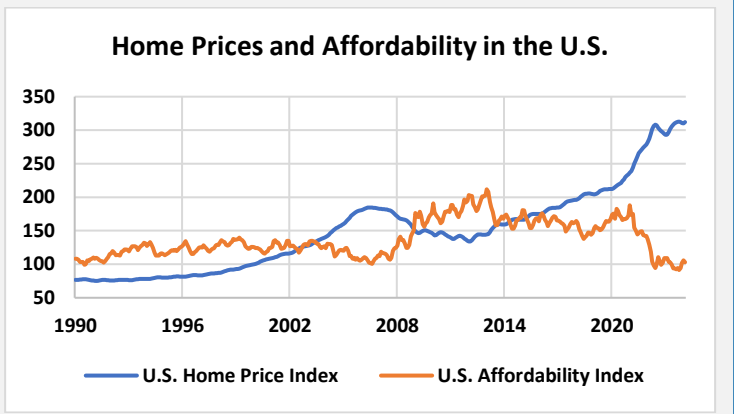
Source: FactSet, as of April 30, 2024.

## Key Monthly Economic Statistics



### Chart of the Month

- In February, U.S. home prices, as indicated by the S&P CoreLogic Case-Shiller national home price index, reached another record high, rising by 6% over the past year. Meanwhile, affordability, measured by the Housing Affordability Index, remains near historic lows.
- The affordability index is based off median home prices, median income and mortgage rates.
- Strong demand, limited supply and rising mortgage rates are propelling home values upward, which is keeping affordability low.



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	April	YTD
U.S. Equity Fund – I Series	-4.97%	4.24%
Russell 3000 Index	-4.40%	5.18%
Difference (percentage points)	-0.57	-0.94

- During the month, the fund underperformed its benchmark due to active managers' investments in IT, communication services, and health care. The strategic overweight to small and mid-cap stocks and underweight to mega cap stocks hurt relative performance. The fund's allocation to private equity and real estate helped 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 detracted from benchmark relative performance. Active managers' investments in IT and financials contributed to relative performance.

#### International Equity Fund – I Series

Fund	April	YTD
International Equity Fund – I Series	-2.27%	0.56%
MSCI ACWI ex U.S. Investable Market Index (Net)	-1.75%	2.50%
Difference (percentage points)	-0.52	-1.94

- During the month, the fund underperformed its benchmark. The fund's fair market valuation policy (described [here](#)) was a key detractor to benchmark-relative performance. Active managers' investments in IT, financials and healthcare stocks also negatively impacted relative performance.
- Year to date, the fund underperformed its benchmark. Active managers' investments in healthcare, financials and consumer discretionary stocks detracted from relative performance. Additionally, the fund's fair market valuation policy negatively impacted benchmark-relative performance.

### U.S. Equity Index Fund – I Series

Fund	April	YTD
U.S. Equity Index Fund – I Series	-4.44%	5.30%
Russell 3000 Index	-4.40%	5.18%
Difference (percentage points)	-0.04	+0.12

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fund slightly underperformed the benchmark due to certain stocks excluded in accordance with Wespath's Investment Exclusion policies (described [here](#)). However, for the year, these exclusions helped benchmark-relative performance.

### Fixed Income Funds

#### Fixed Income Fund – I Series

Fund	April	YTD
Fixed Income Fund – I Series	-1.91%	-1.89%
Bloomberg U.S. Universal (ex MBS) Index	-2.14%	-2.43%
Difference (percentage points)	+0.23	+0.54

- In April, overweight allocations to, and issue selection within, high-yield bonds added to relative results.
- Year to date, overweight allocations to, and issue selection within below investment grade corporate credit and stronger performing 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	April	YTD
Inflation Protection Fund – I Series	-1.08%	-0.93%
IPF-I Benchmark <sup>ii</sup>	-1.25%	-1.11%
Difference (percentage points)	+0.17	+0.18

- For April, the allocations to floating rate senior secured loans and developed market inflation linked securities contributed positively to benchmark relative results, as did the reversal of the fair market value adjustment that was applied on March 28, 2024, due to an early market close that day. Results were partially offset by the allocation to emerging market inflation-linked bonds as well as selection within the commodities portfolio.
- 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 partially offset by the allocations to, and issue selection within the emerging market inflation-linked bond portfolio.

### Short Term Investment Fund – I Series

Fund	April	YTD
Short Term Investment Fund – I Series (STIF-I)	0.41%	1.69%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.43%	1.74%
Difference (percentage points)	-0.02	-0.05

- For the month, the fund performed in line with the benchmark.
- Year to date, the fund modestly underperformed the benchmark. The fund is exposed to maturities beyond those of the benchmark, which detracted from results as securities maturing in three months or less outperformed those maturing in six and 12 months.

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

Fund	April	YTD
U.S. Treasury Inflation Protection Fund – I Series	-1.58%	-1.64%
Bloomberg U.S. Inflation Linked Bond Index	-1.75%	-1.85%
Difference (percentage points)	+0.17	+0.21

- 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 and year to date, the fund outperformed the benchmark, helped by yield curve positioning.

### Balanced Fund

#### Multiple Asset Fund – I Series

Fund	April	YTD
Multiple Asset Fund – I Series	-3.03%	1.18%
MAF-I Benchmark <sup>iii</sup>	-2.72%	1.85%
Difference (percentage points)	-0.31	-0.67

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