

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

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.

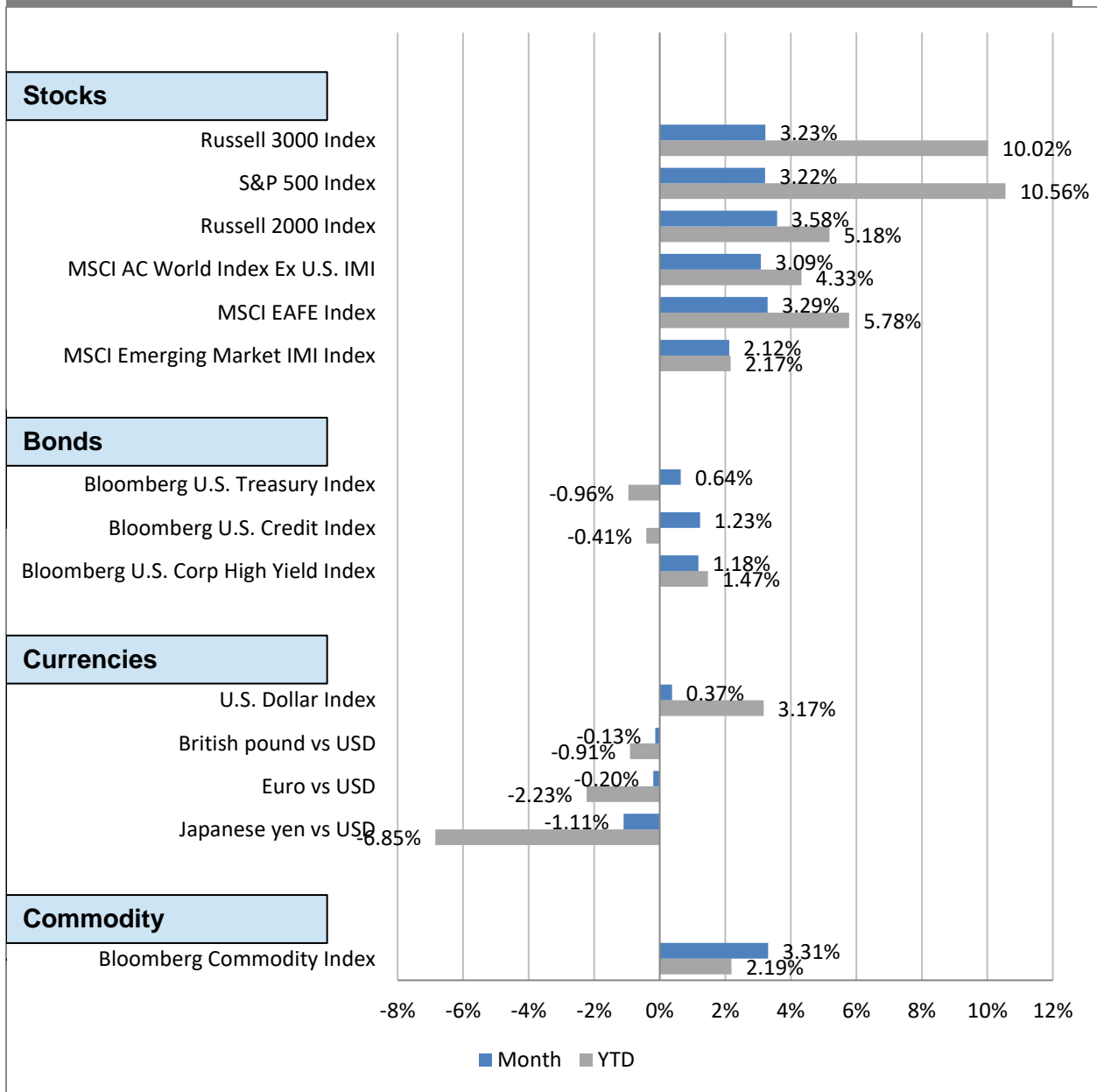
Inflation remains persistent in multiple sectors of the economy as evident in the March Consumer Price Index (CPI), which rose 3.2% over the last 12 months. Sectors such as shelter and gasoline continue to keep inflation running above 3%. Another area of inflation that made headlines in March is the 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

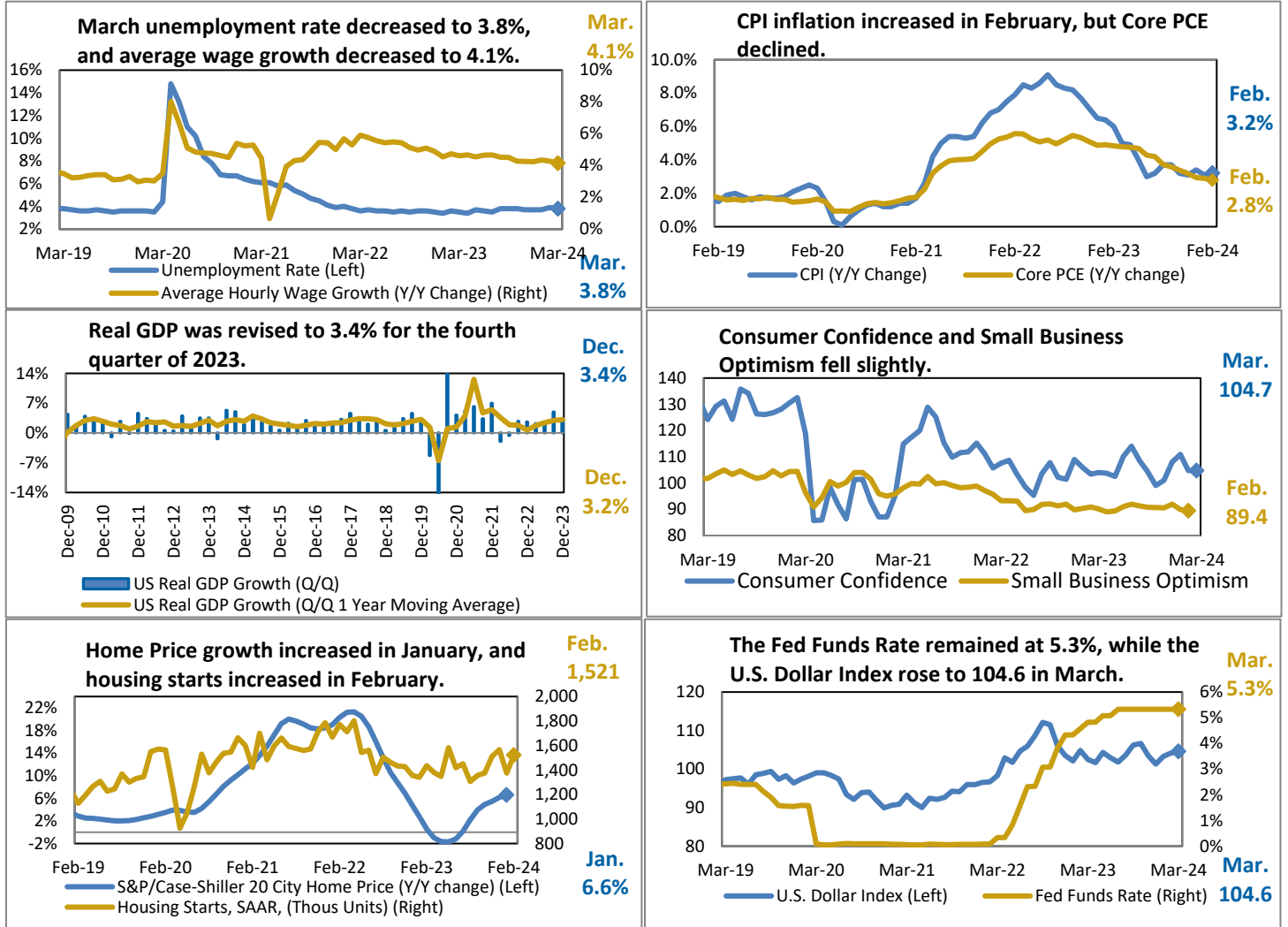
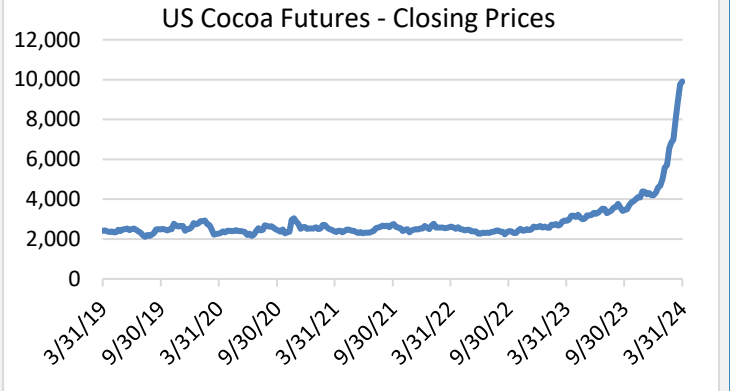


Chart of the Month

- 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 – I Series

Fund	March	YTD
U.S. Equity Fund – I Series	3.49%	9.69%
Russell 3000 Index	3.23%	10.02%
Difference (percentage points)	+0.26	-0.33

- 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 – I Series

Fund	March	YTD
International Equity Fund – I Series	2.61%	2.89%
MSCI ACWI ex U.S. Investable Market Index (Net)	3.09%	4.33%
Difference (percentage points)	-0.48	-1.44

- 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 also 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 also detracted from relative performance. Additionally, the fund's fair market valuation policy (described [here](#)) positively impacted benchmark-relative performance.

U.S. Equity Index Fund – I Series

Fund	March	YTD
U.S. Equity Index Fund – I Series	3.26%	10.19%
Russell 3000 Index	3.23%	10.02%
Difference (percentage points)	+0.03	+0.17

- 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.

Fixed Income Funds

Fixed Income Fund – I Series

Fund	March	YTD
Fixed Income Fund – I Series	1.04%	0.03%
Bloomberg U.S. Universal (ex MBS) Index	0.96%	-0.30%
Difference (percentage points)	+0.08	+0.33

- 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, 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 agency CMBS also contributed.

Inflation Protection Fund – I Series

Fund	March	YTD
Inflation Protection Fund – I Series	0.94%	0.15%
IPF-I Benchmark ⁱⁱ	1.07%	0.14%
Difference (percentage points)	-0.13	+0.01

- 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 offset by the allocations to, and issue selection within, emerging and developed market inflation-linked bonds.

Short Term Investment Fund – I Series

Fund	March	YTD
Short Term Investment Fund – I Series (STIF-I)	0.48%	1.28%
BofA Merrill Lynch 3-Month Treasury Bill Index	0.45%	1.30%
Difference (percentage points)	+0.03	-0.02

- For the month and year to date, the fund performed in line with the benchmark.

U.S. Treasury Inflation Protection Fund – I Series

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

- 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 Wespath’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 12/31/23 adjustment.

Balanced Fund

Multiple Asset Fund – I Series

Fund	March	YTD
Multiple Asset Fund – I Series	2.39%	4.33%
MAF-I Benchmark ⁱⁱⁱ	2.40%	4.71%
Difference (percentage points)	-0.01	-0.38

- 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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- 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, including fees and expenses. This is not an offer to purchase securities.
- ⁱⁱ 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.
- 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.
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