

# May 2023 Investment Report

## Highlights

- U.S. stock indexes ended the month of May mixed amid robust performance from technology stocks, while more industrial-focused stocks lagged.
- The S&P 500 Index of U.S. stocks increased 0.4% in May, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, decreased 3.5%. The Bloomberg U.S. Aggregate Bond Index decreased 1.1%.
- The U.S. economy added 339,000 non-farm jobs in May, though the unemployment rate increased from 3.4% to 3.7%.
- Nvidia Corporation (NVDA) became only the seventh company to reach \$1 trillion in market capitalization after the computer chip maker reported better-than-expected quarterly earnings.
- USEF-I, IEF-I, FIF-I, IPF-I and MAF-I outperformed their respective benchmarks.

## Monthly Overview

### Nvidia Corporation Fuels Technology Sector Stock Rally

The Nasdaq Composite Index, which includes a heavy weighting to technology stocks, increased 5.9% in May. Strong quarterly earnings reports and the growing adoption of artificial intelligence (AI) helped drive this performance. One of the Nasdaq's strongest performers for the month was Nvidia, which increased 31% and reached a market capitalization of \$1 trillion in May. Nvidia, a leader in the AI market, is only the seventh company in the world to reach this trillion-dollar milestone, joining Microsoft, Amazon, Apple, Alphabet, Tesla and Meta. NVDA has increased 164% year to date.

### Mixed Economic Data

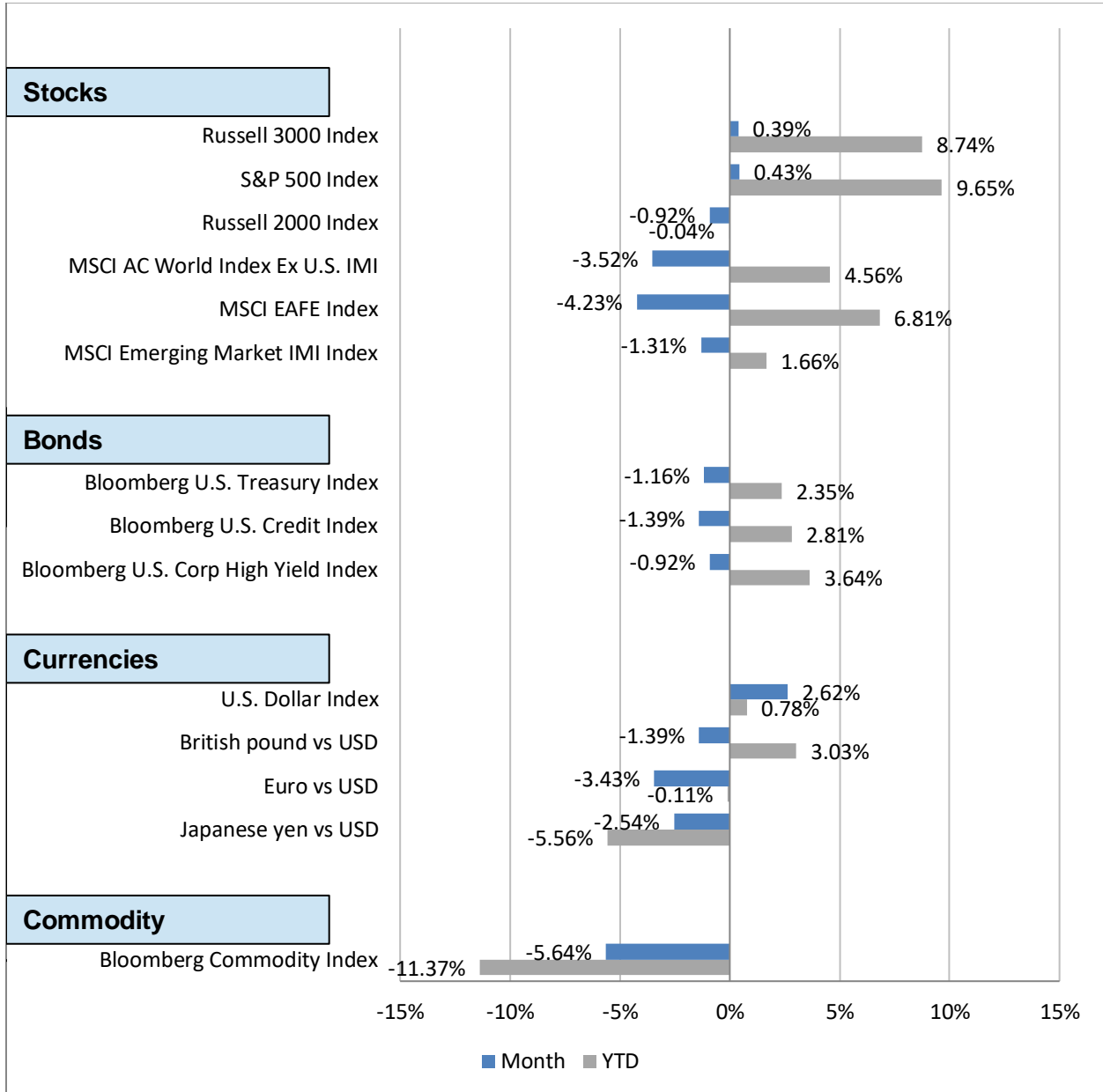
The most recent consumer spending report showed a 0.8% increase, beating economists' estimates, while the Consumer Confidence Index fell modestly in May. Inflation, as measured by the Personal Consumption Expenditures (PCE) Price Index, increased 0.4% in April, up from a 0.1% increase in March. Core PCE, which excludes volatile food and energy prices, also increased 0.4% in April. The Consumer Price Index (CPI) measure of inflation also increased in April, rising 0.4% from the previous month. This increase was driven by shelter, used cars, and trucks and gasoline. The CPI increased 4.9% year over year, its smallest annual increase since April 2021.

### Debt Ceiling Update

President Joe Biden and House Speaker Kevin McCarthy reached a tentative deal on May 27 to suspend the debt ceiling until January 1, 2025, and cap discretionary government spending through fiscal year 2025, along with other provisions. The House of Representatives passed the so-called "Fiscal Responsibility Act" on May 31 in a 314-117 vote. The Senate passed the bill on June 1, sending it to President Biden for his signature just ahead of the estimated June 5 deadline to avert a U.S. government default.

Sources: Bureau of Economic Analysis, Wall Street Journal, Reuters, CNBC, National Association of Realtors, The Conference Board and FactSet.

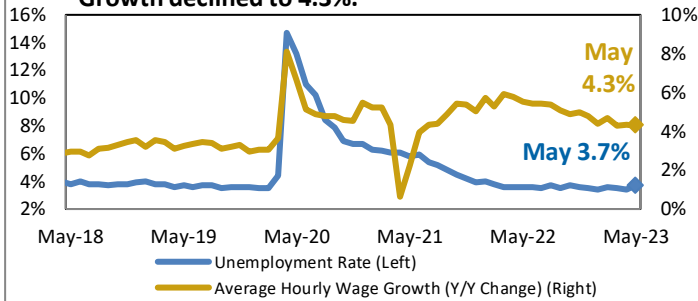
## Market Performance



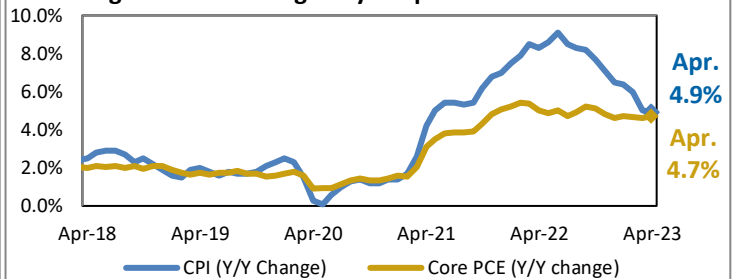
Source: FactSet, as of May 31, 2023.

## Key Monthly Economic Statistics

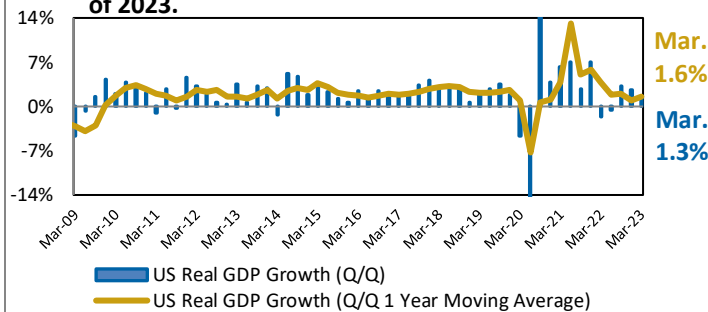
**Unemployment rose to 3.7%, and Average Wage Growth declined to 4.3%.**



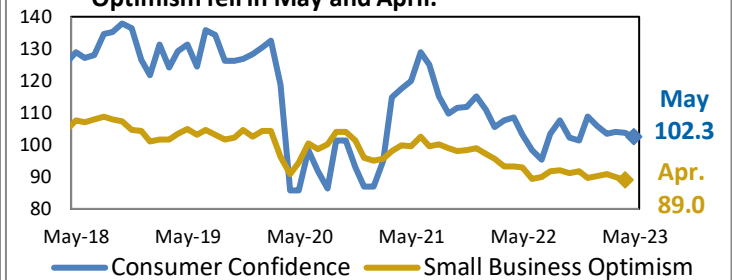
**CPI inflation declined slightly, while Core PCE growth rose marginally in April.**



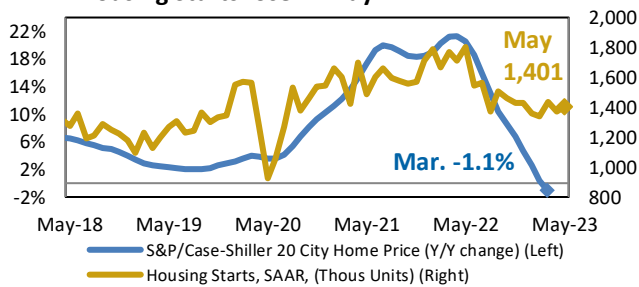
**Real GDP was revised to 1.3% for the first quarter of 2023.**



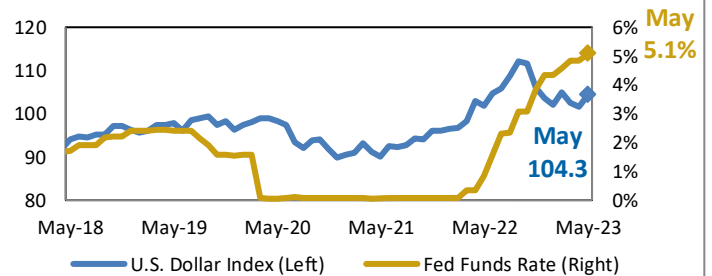
**Consumer Confidence and Small Business Optimism fell in May and April.**



**Home Price growth was negative in March, and Housing Starts rose in May.**



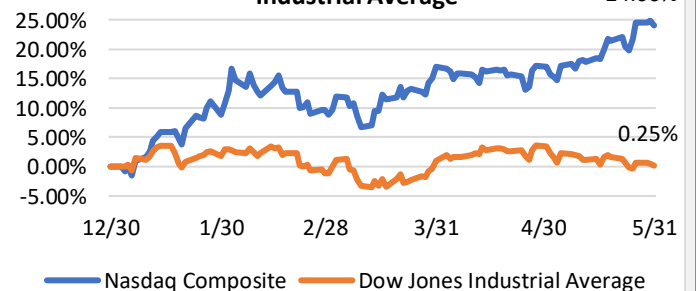
**The Fed Funds Rate elevated to 5.1%, and the U.S. Dollar Index increased to 104.3.**



## Chart of the Month

- The Nasdaq Composite Index, which includes many technology-based companies, increased 5.9% in May, while the Dow Jones Industrial Average decreased 3.2%.
- The Nasdaq is now up 24.1% year to date. The Dow Jones Industrial Average is up only 0.3%.
- The year-to-date difference between the two indices of 24 percentage points is the widest gap since the Nasdaq launched in 1971.

**NASDAQ Composite Performance vs Dow Jones Industrial Average**



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, U.S. Census Bureau, S&P Global.

## 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	0.90%	7.80%
Russell 3000 Index	0.39%	8.74%
Difference (percentage points)	+0.51	-0.94

- During the month, the fund outperformed its benchmark due to strong performing growth-oriented active managers and investments in companies benefiting from a jump in demand related to artificial intelligence (AI). The fund's underweight to strong performing mega-cap companies detracted from relative performance.
- Year to date, the fund underperformed its benchmark largely due to its strategic underweight to mega-cap companies, an overweight to small- and mid-cap value-oriented companies, and investments in private equity and private real estate. The fund benefited from all but one active managers outperforming their respective benchmarks and from excluding certain stocks in accordance with WII's Investment Exclusions policies (described [here](#)).

#### International Equity Fund – I Series

Fund	May	YTD
International Equity Fund – I Series	-3.27%	4.91%
MSCI ACWI ex U.S. Investable Market Index (Net)	-3.52%	4.56%
Difference (percentage points)	+0.25	+0.35

- During the month, the fund outperformed its benchmark as a result of positive contribution from private equity and private real estate investments and from excluding certain stocks in accordance with WII's Investment Exclusions policies (described [here](#)).
- Year to date, the fund outperformed its benchmark due to positive contribution from active manager investments, the fund's fair market valuation policy (described [here](#)), and from excluding certain stocks in accordance with WII's Investment Exclusions policies (described [here](#)).

### U.S. Equity Index Fund – I Series

Fund	May	YTD
U.S. Equity Index Fund – I Series	0.42%	8.86%
Russell 3000 Index	0.39%	8.74%
Difference (percentage points)	+0.03	+0.12

- The U.S. Equity Index Fund – I Series is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. Year to date, certain stocks excluded in accordance with WII’s Investment Exclusions policies (described [here](#)) contributed to relative performance.

### Fixed Income Funds

#### Fixed Income Fund – I Series

Fund	May	YTD
Fixed Income Fund – I Series	-0.99%	2.75%
Bloomberg U.S. Universal (ex MBS) Index	-1.13%	2.54%
Difference (percentage points)	+0.14	+0.21

- During May, the fund’s overweight allocation to—and managers’ issue selection in—emerging market debt, as well as allocations to Positive Social Purpose loans and agency CMBS, contributed positively to benchmark-relative performance. The fund’s allocation to global bonds and the global bond manager’s issue selection detracted from benchmark-relative performance.
- Year to date, the fund’s overweight allocation to—and manager’s issue selection in—emerging market debt positively contributed to benchmark-relative performance. The fund’s overweight allocation to high-yield securities and the core plus managers’ issue selection also positively contributed to benchmark-relative performance. The fund’s allocation to—and manager’s issue selection in—global bonds detracted.

### Inflation Protection Fund – I Series

Fund	May	YTD
Inflation Protection Fund – I Series (IPF-I)	-1.23%	1.57%
IPF-I Benchmark <sup>ii</sup>	-1.64%	1.33%
Difference (percentage points)	+0.41	+0.24

- For both month and year to date, the fund's allocation to floating rate senior loans and global inflation-linked bonds positively contributed to benchmark-relative performance. The fund's overweight allocation to—and manager's issue selection in—emerging market inflation-linked bonds also helped during the month.

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

Fund	May	YTD
U.S. Treasury Inflation Protection Fund – I Series	-1.31%	2.18%
Bloomberg U.S. Inflation Linked Bond Index	-1.19%	2.28%
Difference (percentage points)	-0.12	-0.10

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

## Balanced Fund

### Multiple Asset Fund – I Series

Fund	May	YTD
Multiple Asset Fund – I Series (MAF-I)	-1.06%	5.00%
MAF-I Benchmark <sup>iii</sup>	-1.37%	5.20%
Difference (percentage points)	+0.31	-0.20

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

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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. This is not an offer to purchase securities.

<sup>ii</sup> The benchmark for the Inflation Protection Fund – I Series was 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 through January 31, 2023. 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.