

TMF Funds invest in Wespath I Series Funds discussed in this Monthly Investment Report. Please see <https://tmf-fdn.org/investments/equity-and-bond-funds> for more information about TMF Funds including in which Wespath I Series Funds they invest.

# June 2024 Investment Report

## Highlights

- The S&P 500 Index of U.S. stocks rose 3.6%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, decreased 0.2% in June. The Bloomberg U.S. Aggregate Bond Index rose 0.9%.
- The Labor Department reported that non-farm U.S. jobs increased by 206,000 in June, while the unemployment rate increased slightly to 4.1%.
- First quarter 2024 economic output in the United States increased at an annualized rate of 1.4% according to the third estimate from the Bureau of Economic Analysis.
- The rate of increase in the Core Personal Consumption Expenditures (PCE) Price Index, the U.S. Federal Reserve's (Fed) preferred inflation measure, decelerated to 2.6% for the 12 months ended in May, which was in line with expectations.
- The Wespath U.S. Equity Fund – I Series, Wespath International Equity Fund – I Series, Wespath Fixed Income Fund – I Series and Wespath Inflation Protection Fund – I Series underperformed their respective benchmarks for the month.

## Monthly Overview

### U.S. Stocks Continue 2024 Gains

U.S. equities rose in June, driven by large growth stocks. The S&P 500 Index increased 3.6%, and the NASDAQ Composite Index rose 6.0%. In terms of market capitalization, Nvidia briefly became the world's largest company. Apple had lagged Microsoft and Nvidia in artificial intelligence (AI) applications but announced in June that it would bring generative AI to the iPhone and other products, leading to Apple's 9.6% gain in June. All seven "Magnificent Seven" stocks produced gains in the month. Elsewhere in the U.S. equity market, small- and mid-cap stocks underperformed the large-cap market. The Russell 2000 Index of small company stocks declined 0.9% in June and finished the second quarter down 3.3%. The Russell Midcap Index declined 0.7% in June and finished the second quarter down 3.3%.

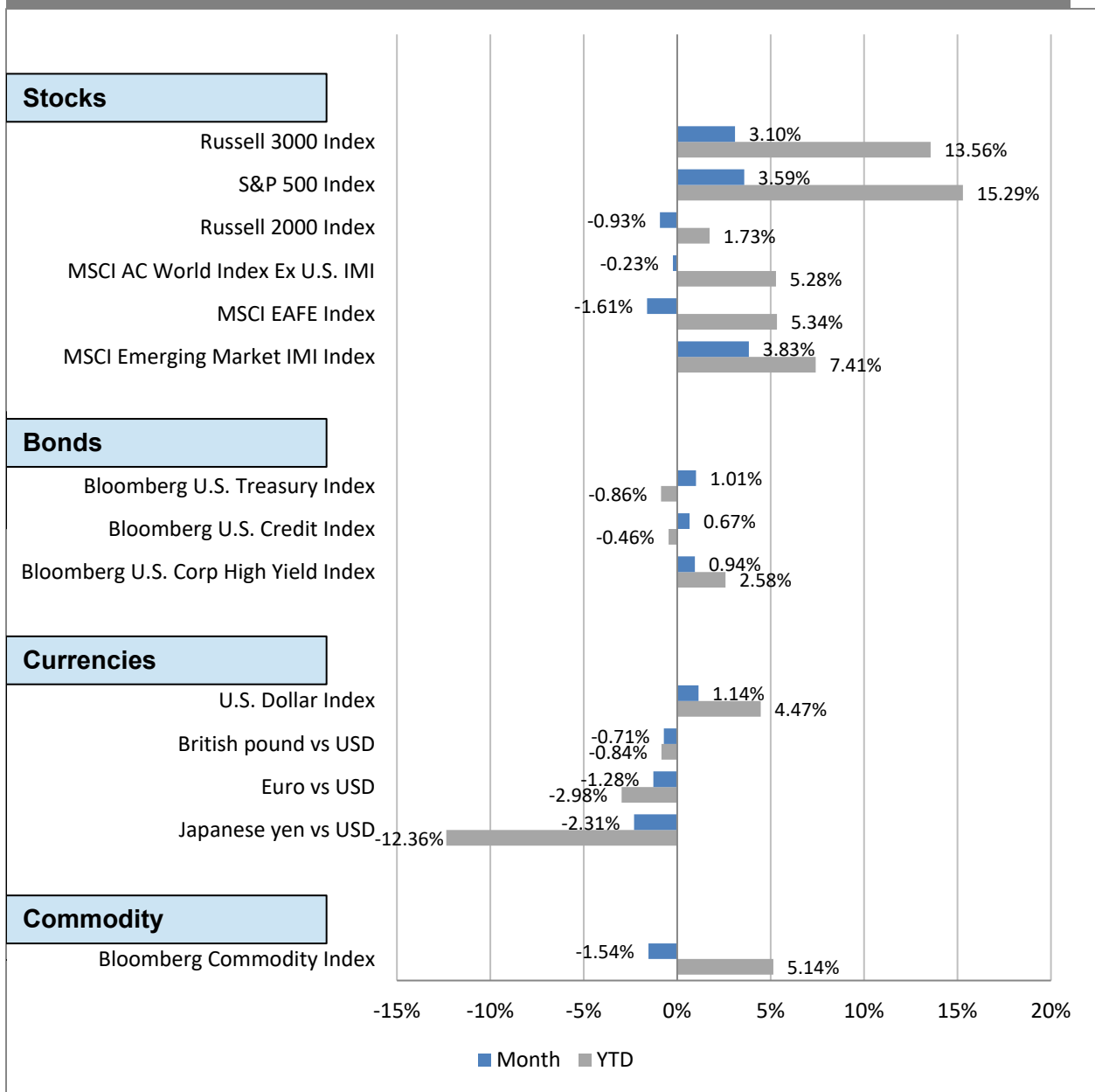
In the bond market, the Bloomberg U.S. Aggregate Index rose 0.9% in June. The Bloomberg U.S. Treasury Index increased 1.0%, and the Bloomberg U.S. Credit Index increased 0.7%. U.S. Treasury yields decreased in June as inflation decelerated. The Bloomberg Commodity Index decreased 1.5%. Core PCE inflation measured 2.6% year-over-year, and headline CPI inflation measured 3.3% year-over-year. The Bureau of Labor Statistics reported that non-farm employment increased by a healthy 206,000 jobs in June, although it revised the gains in April and May lower by a combined 111,000. Unemployment rose slightly to 4.1% in June.

### International Markets Mixed in June

Emerging market equities outperformed developed market equities in June, with the MSCI Emerging Markets IMI Index returning 3.8% versus a decline of 1.6% for the MSCI EAFE Index of developed market stocks. The MSCI AC World ex USA IMI, which represents a broad universe of non-U.S. stocks in both developed and emerging markets, decreased 0.2% in June. The Japanese yen declined 2.3% against the U.S. dollar to nearly a 40-year low. The European Central Bank (ECB) and Swiss National Bank cut interest rates in June, and U.K. inflation fell to the Bank of England's 2% inflation target. Indian Prime Minister Narendra Modi won re-election and Claudia Sheinbaum became the first female president in Mexico's history. France held its first round of parliamentary elections.

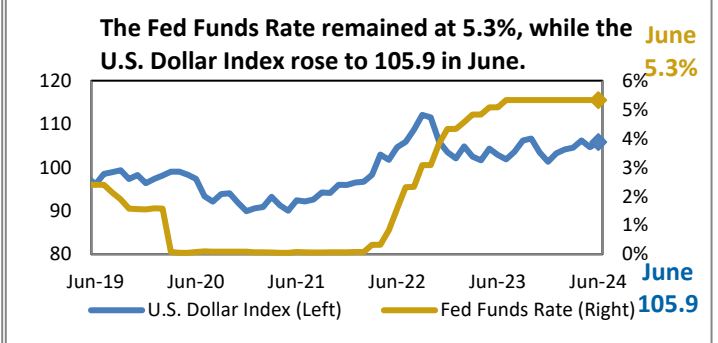
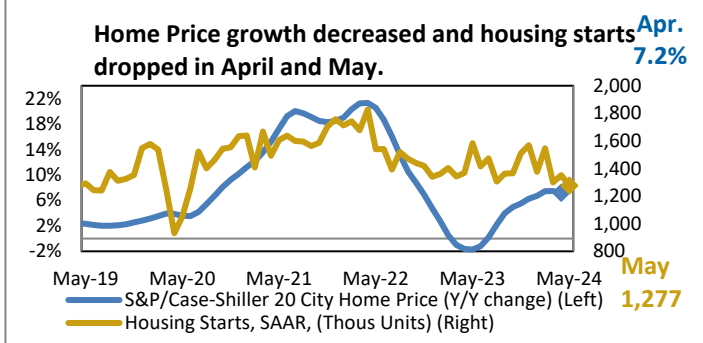
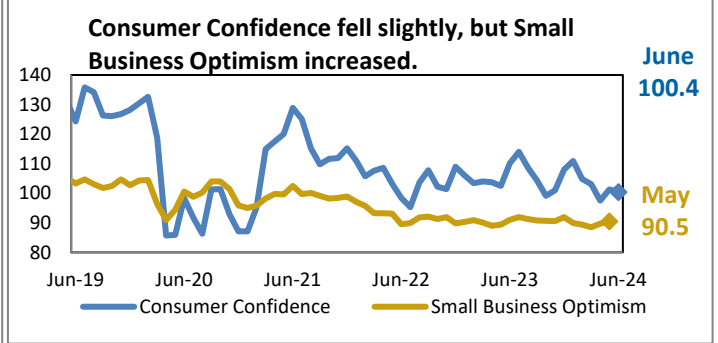
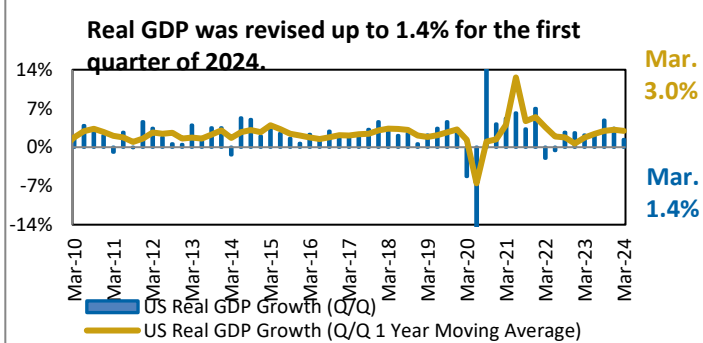
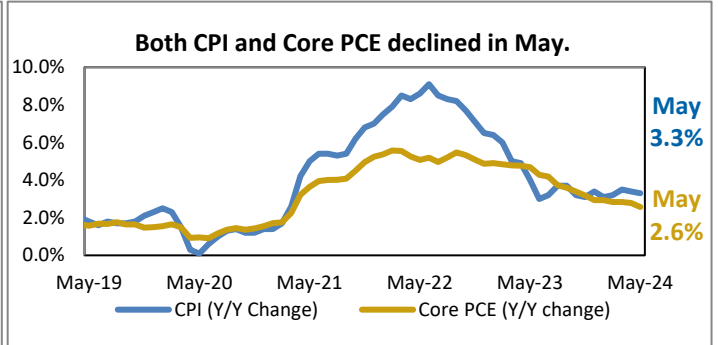
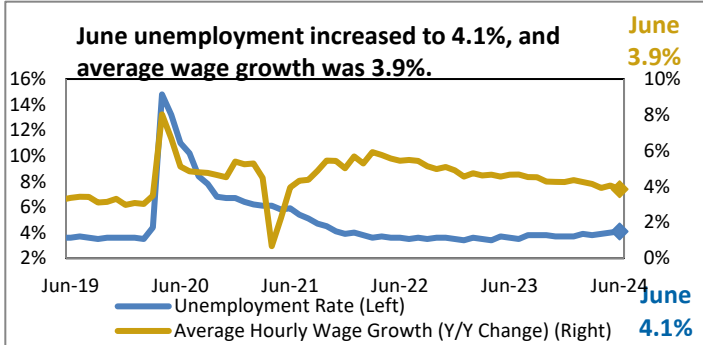
Sources: Associated Press, Bureau of Economic Analysis, Bureau of Labor Statistics, Wall Street Journal, Bloomberg Reuters, CNBC, and FactSet.

## Market Performance



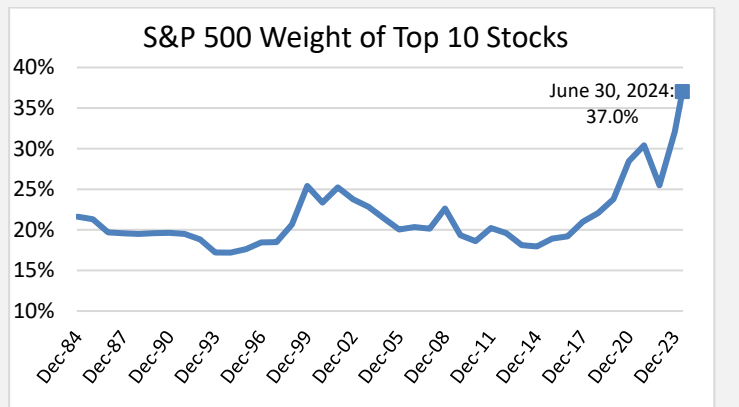
Source: FactSet, as of June 30, 2024.

## Key Monthly Economic Statistics



### Chart of the Month

- Large growth companies, particularly those profiting from AI innovations, have led the U.S. equity market in 2024.
- Over the last year and a half, strong performance of the largest U.S. companies has driven their stock prices higher, leading to levels of concentration in U.S. equity indexes not seen in decades.
- Nvidia has been the largest contributor to year-to-date equity gains, rising 150% and more than doubling its weight in major equity indexes over the last six months.



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-Wespath Fees Performance)<sup>i</sup>

### Equity Funds

#### Wespath U.S. Equity Fund – I Series

Fund	June	QTD	YTD
Wespath U.S. Equity Fund – I Series	1.07%	-0.60%	9.04%
Russell 3000 Index	3.10%	3.22%	13.56%
Difference (percentage points)	-2.03	-3.82	-4.52

- During the month, the fund's underweight to mega-cap stocks and the strategic overweight to small- and mid-cap stocks hurt benchmark-relative performance. Active managers' investments in IT, energy and health care detracted for the month while the Investment Exclusion policy (described [here](#)) helped benchmark-relative performance.
- In the second quarter, the fund underperformed its benchmark due to the underweight to mega-cap stocks and the strategic overweight to small- and mid-cap stocks. Additionally, active managers' investments in IT, health care and industrials hurt benchmark-relative performance.
- 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. The Investment Exclusion policy (described [here](#)) helped benchmark-relative performance.

#### Wespath International Equity Fund – I Series

Fund	June	QTD	YTD
Wespath International Equity Fund – I Series	-1.51%	-0.35%	2.53%
MSCI ACWI ex U.S. Investable Market Index (Net)	-0.23%	0.92%	5.28%
Difference (percentage points)	-1.28	-1.27	-2.75

- In June, the fund underperformed its benchmark primarily due to active managers' investments in industrials, materials and IT. The fund's fair market valuation policy (described [here](#)) detracted from benchmark-relative performance.
- In the second quarter, the fund underperformed its benchmark primarily due to active managers' investments in industrials, consumer discretionary and IT. The fund's fair market valuation policy detracted from benchmark-relative performance. Allocation to private equity and the Investment Exclusion policy (described [here](#)) contributed to benchmark-relative performance.
- Year to date, the fund has underperformed its benchmark due to active managers' investments in financials, healthcare and industrial stocks.

## Fixed Income Funds

### Wespath Fixed Income Fund – I Series

Fund	June	QTD	YTD
Wespath Fixed Income Fund – I Series	0.64%	0.26%	0.28%
Bloomberg U.S. Universal (ex MBS) Index	0.84%	0.23%	-0.07%
Difference (percentage points)	-0.20	+0.03	+0.35

- In June, overweight allocations to, and issue selection within, both global and emerging market debt detracted from relative results.
- For the quarter, the overweight allocation to, and manager issue selection within, high-yield bonds contributed to benchmark relative performance. The allocation to affordable housing, specifically the agency commercial mortgage backed securities (Agency CMBS) account, added. Core plus manager issue selection also contributed. Results were partially offset by the overweight allocation to, and issue selection within, emerging-market debt.
- Year to date, overweight allocation to, and issue selection within, below investment grade corporate credit benefited relative results. The allocations to the Positive Social Purpose Lending Program and U.S. Agency CMBS portfolios also contributed, as did the core plus manager's issue selection. Results were partially offset by the allocation to developed market debt.

### Wespath Inflation Protection Fund – I Series

Fund	June	QTD	YTD
Wespath Inflation Protection Fund – I Series (IPF-I)	-0.04%	0.15%	0.30%
IPF-I Benchmark <sup>ii</sup>	0.55%	1.01%	1.15%
Difference (percentage points)	-0.59	-0.86	-0.85

- For June, the commodities manager's issue selection benefited performance, which was more than offset by the allocation to, and issue selection within, the emerging market inflation-linked bond strategy.
- Quarter to date, the allocation to, and issue selection within, the floating rate senior secured loans strategy benefited relative performance. Results were more than offset by the allocation to, and issue selection within, emerging market inflation-linked bond account and the allocation to developed market global inflation-linked bonds account. The commodities manager's issue selection decisions also detracted.
- Year to date, the allocation to floating rate senior secured loans contributed positively to relative results, as did the commodities manager's issue selection decisions. Positive results were more than 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.

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<sup>i</sup> Rates of return for Wespath I Series Funds reflect past performance and are no guarantee of comparable future results. The prices of the Wespath I Series Funds will rise and fall with the value of the investments held in the Funds, so investors may lose money. Investment results shown reflect the deduction of all fees incurred by the Wespath I Series Funds, including investment management, custody and administrative and operating expenses. They do not, however, reflect the deduction of TMF administrative fees for TMF Funds which invest in Wespath I Series Funds. These TMF Fund administrative fees are assessed monthly at an annualized rate of 0.50%.

Investors should consider investment objectives, risks, charges and expenses before investing in a fund. Information regarding this and other information relating to Wespath I Series Funds is contained in Wespath's [Investment Funds Description – I Series](#). Please see <https://tmf-fdn.org/investments/equity-and-bond-funds> for information about TMF Funds including in which Wespath I Series Funds they invest.

<sup>ii</sup> The benchmark for the Wespath 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 Wespath 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.