

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.

February 2024 Investment Report

Highlights

- U.S. and international stock markets increased in February, while fixed income markets declined.
- The S&P 500 Index of U.S. stocks gained 5.3%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI returned 2.3% this month. The Bloomberg U.S. Aggregate Bond Index fell 1.4%.
- In February, U.S. employers added 275,000 non-farm jobs. The unemployment rate increased to 3.9%.
- 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 January.
- The Wespath International Equity Fund – I Series, Wespath Fixed Income Fund – I Series and Wespath Inflation Protection Fund – I Series outperformed their respective benchmarks for the month, while the Wespath U.S. Equity Fund – I Series underperformed its benchmark.

Monthly Overview

U.S. Stocks off to a Strong Start in 2024, International Stocks Rebound

U.S. equities continued their rally in February. The first two months of 2024 are the best start of a year for the S&P and Dow since 2019. Artificial intelligence and technology companies continue to drive these indexes higher. The strongest performing market sectors in February included consumer discretionary, communications, technology and industrials. U.S. growth stocks, measured by the Russell 3000 Growth Index, increased 6.88%, while value stocks, measured by the Russell 3000 Value Index, increased 3.67%.

International equity markets ended the month higher. Japan's Nikkei reached an all-time high, breaking its previous record set 34 years ago. The falling yen, corporate deregulation and deflation in the country helped drive Japanese equities to record levels.

Fixed Income Markets Continue to Lag

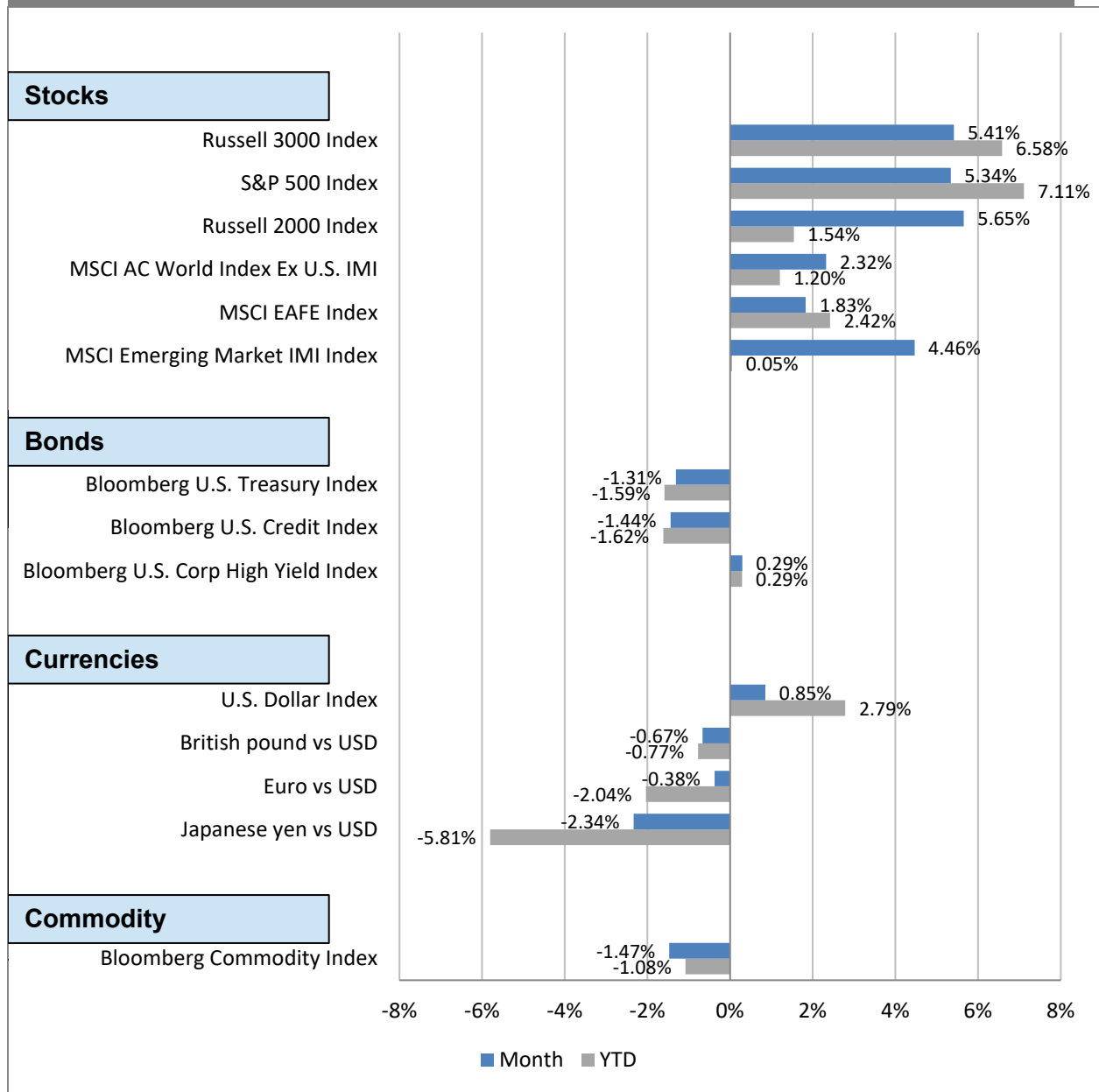
Resilient job markets, a strong economy and areas of persistent inflation will be in focus as the Fed meets in March to chart its continued path to reduce inflation to its 2% annual target. Core PCE rose 0.4% in January, the largest monthly increase in a year. This increase highlights the Fed's warning that the path to stable 2% annual inflation may be "bumpy." The Core Index excludes the more volatile food and energy components. Several members of the Fed are shrugging off PCE's increase in January, citing six and three-month annualized inflation rates that are closer to the Fed's 2% target. The estimated timing and level of rate cuts in 2024 continues to hang over fixed income markets. The Bloomberg Credit index declined 1.44%, and the Bloomberg U.S. Treasury index declined 1.31% for the month.

Artificial Intelligence (AI) Dominates Headlines

In February, Nvidia CEO Jensen Huang declared the emergence of a "whole new industry" around generative AI, a machine learning technique for creating new content (text, audio, images, videos). OpenAI's private release of Sora, a text-to-video AI generating movie-quality videos, exemplifies this development. However, concerns arose due to a deepfake President Biden robocall used in January's New Hampshire primary. This led the FCC to ban voice cloning technology in robocall scams. Generative AI is a rapidly developing field with significant potential but also raises concerns about misuse.

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

Market Performance



Source: FactSet, as of February 29, 2024.

Key Monthly Economic Statistics

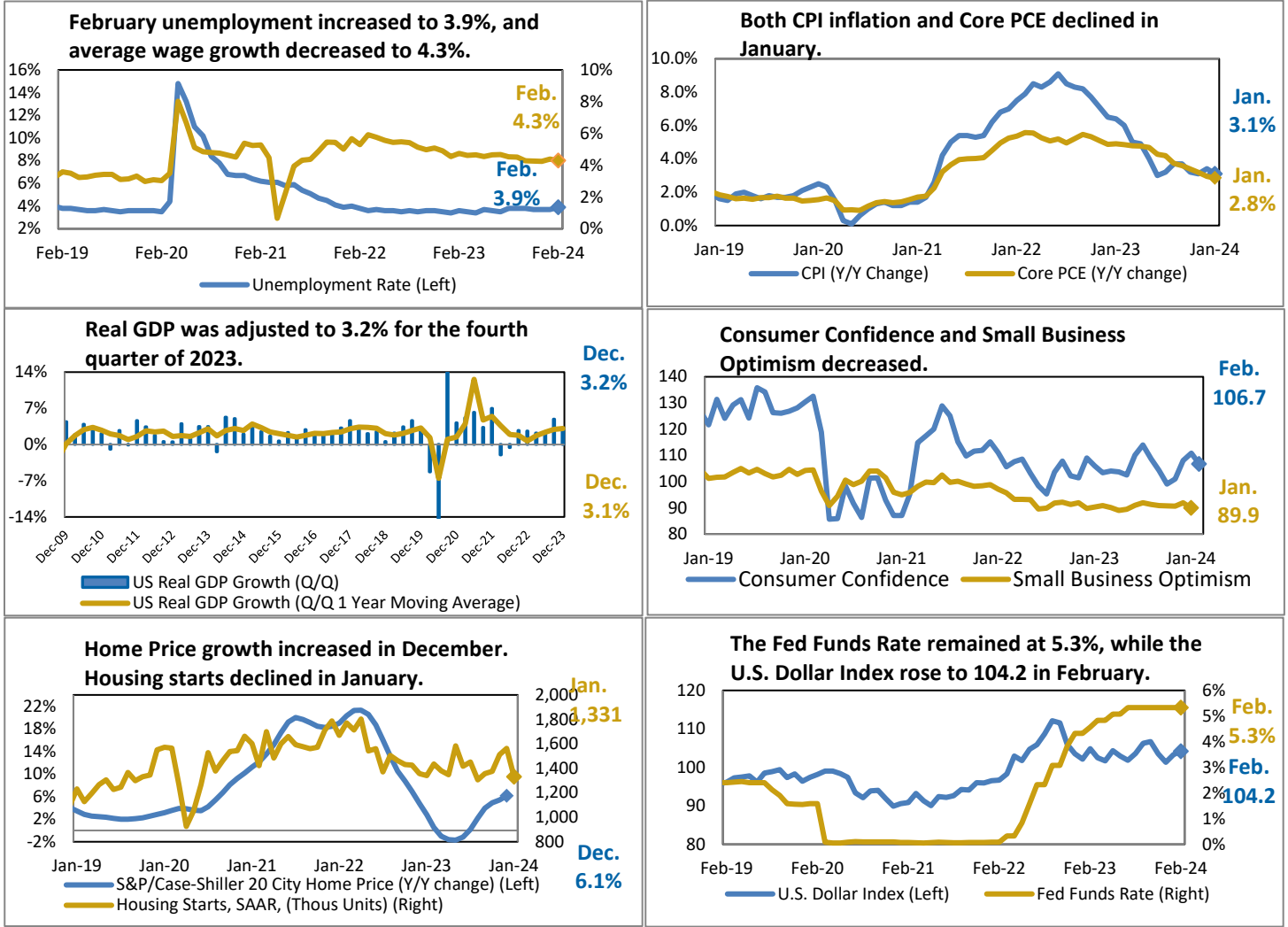
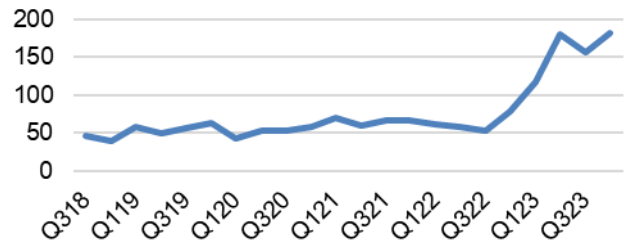


Chart of the Month

- An estimated 36% of S&P 500 companies cited Artificial Intelligence on Q4 2023 earnings calls.
- Uses for AI range from voice assistants, chatbots and conversational AI to process automation, predictive maintenance and reliability optimization.
- AI and its use cases have not yet been broadly adopted by consumers or companies, indicating further opportunities to implement the technology.

of S&P 500 Cos. Citing "AI" on Earnings Calls



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)ⁱ

Equity Funds

Wespath U.S. Equity Fund – I Series

Fund	February	YTD
Wespath U.S. Equity Fund – I Series	5.23%	5.99%
Russell 3000 Index	5.41%	6.58%
Difference (percentage points)	-0.18	-0.59

- During the month, the fund underperformed its benchmark due to the fund's underweight to mega cap stocks and negative performing private equity and real estate. The fund's overweight to small/mid cap growth stocks and active managers' investments in IT and health care contributed positively to relative performance.
- Year to date, the fund underperformed its benchmark. The strategic underweight to mega cap stocks and negative performing private equity and real estate detracted from relative performance. The fund was helped by four active managers outperforming their respective benchmarks and the Investment Exclusion policies (described [here](#)).

Wespath International Equity Fund – I Series

Fund	February	YTD
Wespath International Equity Fund – I Series	3.02%	0.28%
MSCI ACWI ex U.S. Investable Market Index (Net)	2.32%	1.20%
Difference (percentage points)	+0.70	-0.92

- During the month, the fund outperformed its benchmark. Active managers' investments in healthcare, financials, and consumer discretionary stocks detracted from relative performance. Additionally, the fund's fair market valuation policy (described [here](#)) positively impacted benchmark-relative performance for the month.
- Year to date, the fund underperformed its benchmark. Active managers' investments in healthcare, financial technology, and consumer discretionary stocks detracted from relative performance. The Investment Exclusion policies (described [here](#)) detracted from performance.

Fixed Income Funds

Wespath Fixed Income Fund – I Series

Fund	February	YTD
Wespath Fixed Income Fund – I Series	-0.93%	-1.01%
Bloomberg U.S. Universal (ex MBS) Index	-1.07%	-1.25%
Difference (percentage points)	+0.14	+0.24

- For February, overweight allocations to high yield bonds and emerging market debt added to relative results.
- Year to date, overweight allocations to high yield bonds, the Positive Social Purpose Lending Program and Agency CMBS contributed. The overweight allocation to and issue selection within emerging market debt also added, as did the core plus manager's issue selection.

Wespath Inflation Protection Fund – I Series

Fund	February	YTD
Wespath Inflation Protection Fund – I Series (IPF-I)	-0.61%	-0.78%
IPF-I Benchmark ⁱⁱ	-1.11%	-0.92%
Difference (percentage points)	+0.50	+0.14

- For February, allocations to floating rate senior secured loans and emerging-market inflation-linked securities contributed to benchmark-relative results.
- Year to date, allocations to floating rate senior secured loans and developed market global inflation linked bonds contributed to relative results. The commodity manager's issue selection also contributed. The allocation to and issue selection within emerging market inflation linked bonds detracted.

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ⁱ 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.

ⁱⁱ 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.