

# NACCC Congregational Investment Trust

Market Highlights and Portfolio Performance

July 25, 2024

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# Q2 Market Highlights



# Monthly Capital Market Monitor

June 2024

## Second quarter ends with cautious optimism

Global equities and fixed income generally posted positive returns in June. US equities outperformed international equities by a wide margin but slightly underperformed emerging market equities. Growth significantly outperformed value during the month (as measured by the Russell 3000).

Investor sentiment continued to improve during the month as inflation eased in developed markets. Notably, headline inflation in the US declined to 3.3% year-over-year, better than expected. This followed a few months of higher-than-expected inflation readings earlier in the year that led to investor fears of monetary policy having to stay tight for longer. At the same time, economic growth remains on track. Nonfarm payrolls for May surprised to the upside, although the unemployment rate rose to 4.0% which suggests a slowing labor market. This contributed to optimism that a resilient yet slowing economy will lead to further reduction in inflation without triggering a recession. Yields fell across the curve in the US as a higher chance of looser monetary policy was priced in again, which helped propel US equities and fixed income higher. Solid corporate earnings were another tailwind.

Forward looking purchasing manager indicators continue to be in expansionary territory in developed markets, with the US composite PMI climbing to a 26-month high while indicators for the UK and Europe and Japan were weaker. For China and India, PMIs continued to expand.

The Fed kept interest rates unchanged, while also releasing their FOMC dot plot which implied just one rate cut in 2024. US headline inflation eased by more than expected, while inflation in other developed markets continues to trend downward. The Bank of England erred on the side of caution, leaving interest rates unchanged even as inflation fell back to target. Inflation in China remained low in May, as the country is still emerging from a deflationary period. The ECB cut rates for the first time since 2019, while the Swiss national bank cut rates for the second time in a row in a surprise move.

Following a considerable increase in US tariffs on Chinese electric vehicles last month, the EU announced tariffs as well. Also, EU elections resulted in an unexpected set back for establishment parties and a subsequent snap election in France led to a first-round victory of the anti-establishment 'National Rally' party. This comes in addition to a general election taking place in the UK in early July. In the US, Donald Trump and Joe Biden faced each other in the first debate in the run-up of the November election. These events keep uncertainty elevated, which was reflected in negative performance for major European equity indices and hence the MSCI EAFE overall.

The US dollar strengthened against major developed currencies apart from the Australian dollar and Swiss Franc. Global REITs and commodities underperformed broader equities, posting low positive to negative returns in June even as oil prices increased by almost 6%.

## At a Glance

### Market Returns in % as of end of June 2024 in USD

Major Asset Class Returns	1M	3M	YTD	1Y
MSCI ACWI	2.2%	2.9%	11.3%	19.4%
S&P 500	3.6%	4.3%	15.3%	24.6%
Russell 2500	-1.5%	-4.3%	2.3%	10.5%
MSCI EAFE	-1.6%	-0.4%	5.3%	11.5%
MSCI EM	3.9%	5.0%	7.5%	12.5%
Bloomberg Treasury	1.0%	0.1%	-0.9%	1.5%
Bloomberg Credit	0.7%	0.0%	-0.5%	4.4%
Bloomberg Credit Long	0.6%	-1.7%	-3.3%	2.0%
Bloomberg Aggregate	0.9%	0.1%	-0.7%	2.6%
Bloomberg US TIPS	0.8%	0.8%	0.7%	2.7%
Bloomberg High Yield	0.9%	1.1%	2.6%	10.4%
FTSE WGBI	0.0%	-1.6%	-4.0%	-0.6%
JPM GBI-EM Global Diversified	-0.9%	-0.6%	-2.8%	1.6%
NAREIT Equity REITs	2.2%	-0.9%	-2.2%	5.8%
NAREIT Global REITs	0.5%	-2.1%	-3.2%	5.7%
FTSE Global Core Infrastructure 50/50	-2.6%	1.0%	2.8%	5.3%
Bloomberg Commodity TR	-1.5%	2.9%	5.1%	5.0%

Source: Refinitiv, as of 06/30/24.  
Past performance is no guarantee of future results

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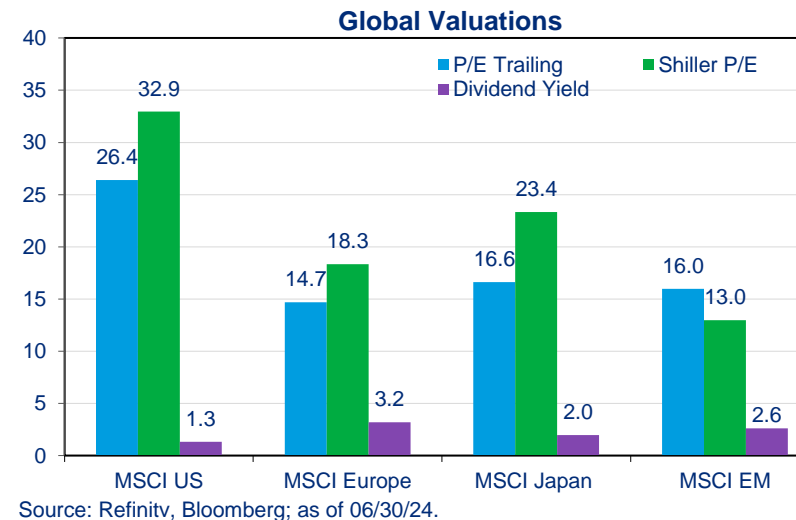
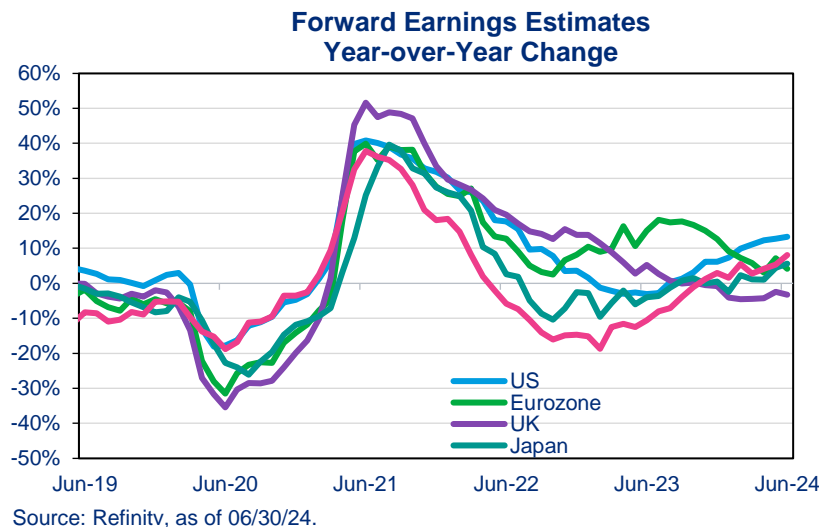
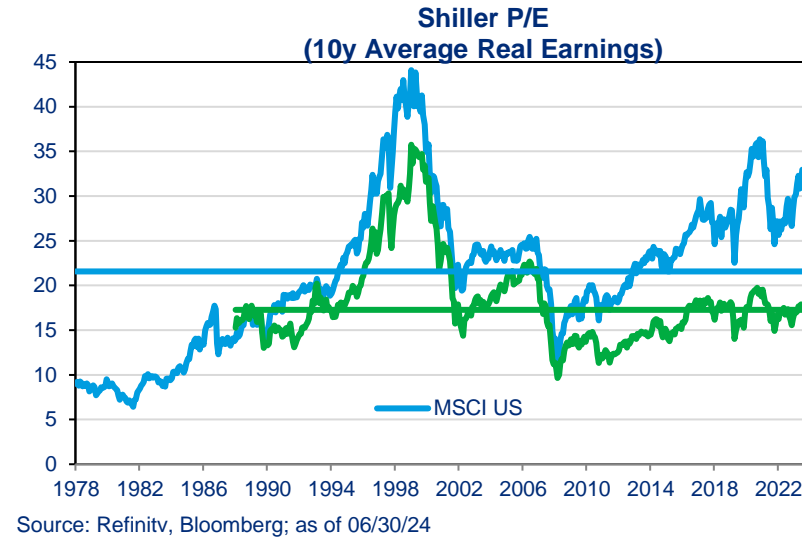
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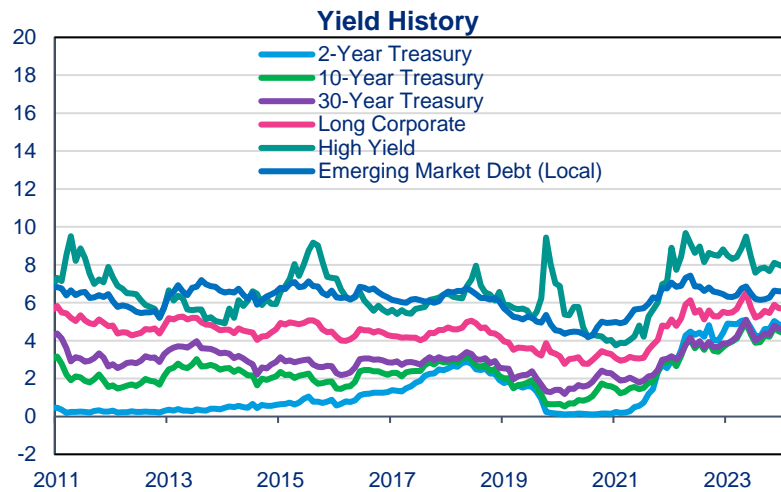
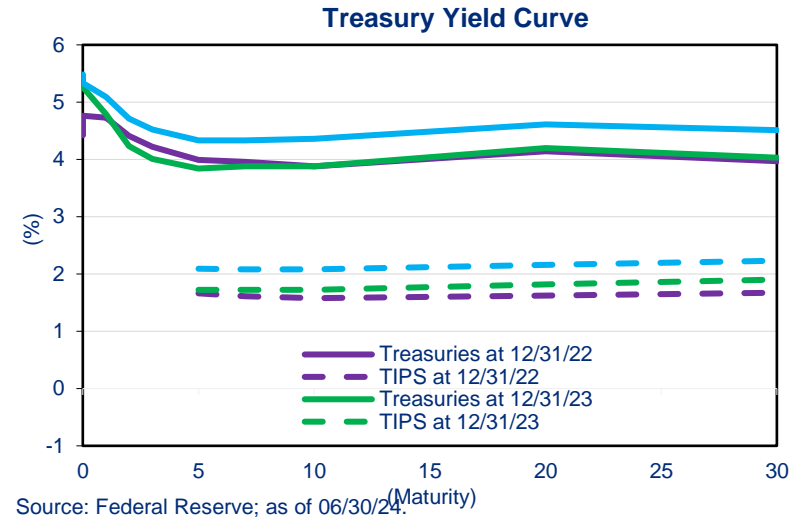
# Strong US, EM performance offsets weakness in Europe

- Global equities returned 2.2% in June, with US equities outperforming international equities by a wide margin and underperforming emerging market equities. Global large cap stocks outperformed small cap stocks.
- Emerging markets had solid performance, led by Taiwan. Korea and India which more than offset negative performance in Brazil.
- Poor performance outside the US was driven by Europe where major countries such as France were sharply down because of increased political uncertainty.
- US performance on the other hand was strong with the Nasdaq and S&P 500 both hitting 52-week highs during June. Investors were relieved by inflation getting back on a downward trend and the prospect of monetary policy turning looser in the second half of the year. Growth significantly outperformed value during the month as corporate earnings continue to be a tailwind for tech companies.
- The earnings season showed continued strength from US companies. The Q2 2024 earnings growth rate for the S&P 500 is expected to come out at 9%, which would be the fastest growth in two years <sup>1</sup>.

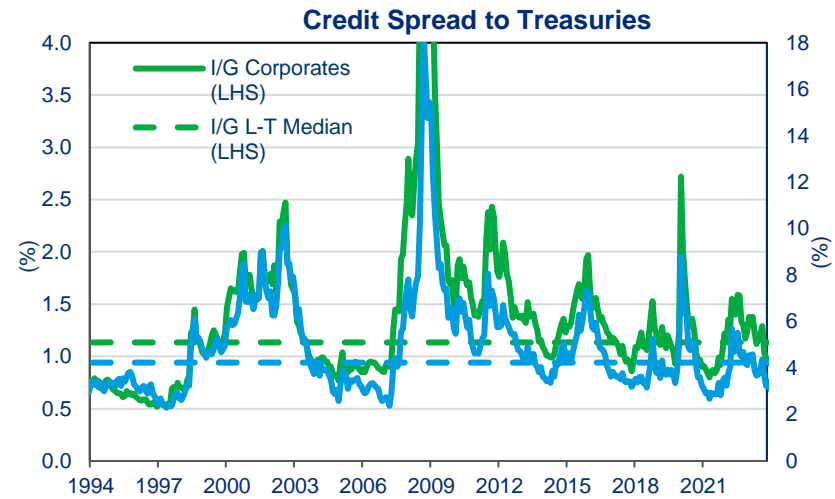


# Falling yields lead to positive fixed income returns

- Fixed income, as measured by the Bloomberg US Aggregate Index, returned 0.9% in June as yields fell across the curve.
- The US and UK 10-year yield fell ~15 basis points during the month. For Japan and Germany, the 10-year yield fell by 3 bps and 17 bps, respectively.
- Credit spreads rose marginally but remain tight.
- Investment grade slightly underperformed high yield.
- Emerging market local currency debt posted slightly negative returns during the month. A stronger dollar was a headwind for local currency debt. Performance for hard currency debt was positive but slightly less than high yield.



Source: Bloomberg. Federal Reserve: as of



Source: Bloomberg; as of 06/30/24.

# Valuations and yields

Ending June 30, 2024

## Valuations

MSCI USA	6/30/2024	3/31/2024	12/31/2023	9/30/2023
Index Level	24644.7	23686.9	21453.4	19163.7
P/E Ratio (Trailing)	26.4	26.2	24.9	22.9
CAPE Ratio	32.9	32.3	29.8	27.3
Dividend Yield	1.3	1.4	1.4	1.6
P/B	5.0	4.9	4.6	4.1
P/CF	19.0	18.0	16.4	15.2

MSCI EAFE	6/30/2024	3/31/2024	12/31/2023	9/30/2023
Index Level	8199.7	8234.3	7784.0	7049.3
P/E Ratio (Trailing)	15.3	15.7	14.7	14.4
CAPE Ratio	16.8	16.9	16.2	15.0
Dividend Yield	3.0	2.9	3.0	3.2
P/B	1.9	1.9	1.9	1.7
P/CF	12.6	10.3	9.8	10.1

MSCI EM	6/30/2024	3/31/2024	12/31/2023	9/30/2023
Index Level	573.8	546.5	533.8	494.9
P/E Ratio (Trailing)	16.0	15.6	14.5	14.1
CAPE Ratio	13.0	12.3	12.1	11.2
Dividend Yield	2.6	2.8	2.9	3.1
P/B	1.7	1.7	1.6	1.6
P/CF	9.5	8.3	8.7	8.5

Source: Bloomberg, Thomson Reuters Datastream  
Past performance is no guarantee of future results

## Yields

Global Bonds	6/30/2024	3/31/2024	12/31/2023	9/30/2023
Germany – 10Y	2.50	2.30	2.02	2.84
France – 10Y	3.30	2.81	2.56	3.40
UK – 10Y	4.17	3.93	3.54	4.44
Switzerland – 10Y	0.60	0.69	0.70	1.10
Italy – 10Y	4.07	3.68	3.70	4.78
Spain – 10Y	3.42	3.16	2.99	3.93
Japan – 10Y	1.06	0.73	0.61	0.77
Euro Corporate	3.82	3.66	3.56	4.52
Euro High Yield	7.02	7.72	7.35	8.43
EMD (\$)	8.49	7.23	7.43	9.03
EMD (LCL)	7.18	6.81	6.19	6.76

US Bonds	6/30/2024	3/31/2024	12/31/2023	9/30/2023
3-Month T-Bill	5.48	5.46	5.40	5.55
10Y Treasury	4.36	4.20	3.88	4.59
30Y Treasury	4.51	4.34	4.03	4.73
10Y TIPS	2.08	1.88	1.72	2.24
30Y TIPS	2.23	2.07	1.90	2.33
US Aggregate	5.00	4.85	4.53	5.39
US Treasury	4.57	4.43	4.08	4.85
US Corporate	5.48	5.30	5.06	6.04
US Corporate High Yield	7.91	7.66	7.59	8.88

Source: Bloomberg, Thomson Reuters Datastream

# Performance Review

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# Portfolio monthly snapshot

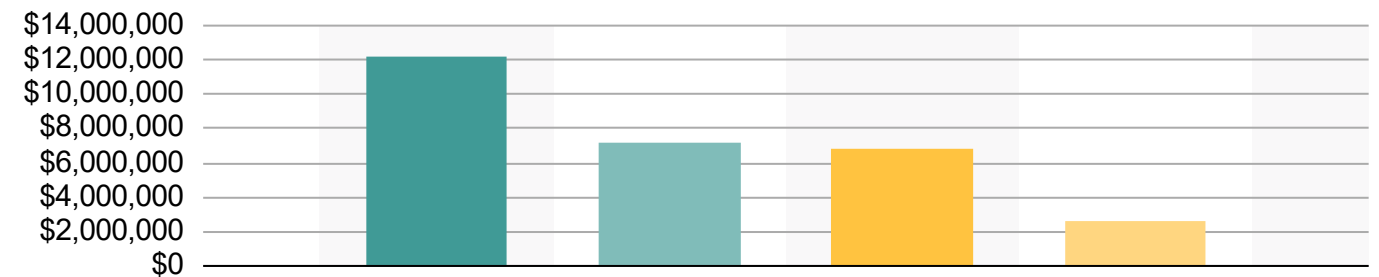
## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

As of June 30, 2024

### Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$28,230,995.81	\$26,280,443.90	\$25,257,218.94
Net Cash Flow	-\$51,000.00	\$494,134.60	-\$36,912.48
Net Capital Appreciation	\$248,547.65	\$1,456,445.43	\$2,600,397.74
Investment Income	\$127,091.68	\$324,611.21	\$734,930.94
<b>Ending Market Value</b>	<b>\$28,555,635.14</b>	<b>\$28,555,635.14</b>	<b>\$28,555,635.14</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Non-U.S. Fixed Income
Current \$	12,054,727	7,096,008	6,785,324	2,619,577
Current %	42.21%	24.85%	23.76%	9.17%
Policy %	39.00%	26.00%	25.00%	10.00%
Difference	3.21%	-1.15%	-1.24%	-0.83%

### Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	1.33	1.54	6.63	13.34	2.48	7.42	6.64	7.42	01/31/13
<b>Client portfolio (net)</b>	1.33	1.48	6.50	13.06	2.28	7.24	6.47	7.24	01/31/13
<b>Policy benchmark</b>	1.45	1.49	6.37	13.07	2.42	7.12	6.57	7.32	01/31/13

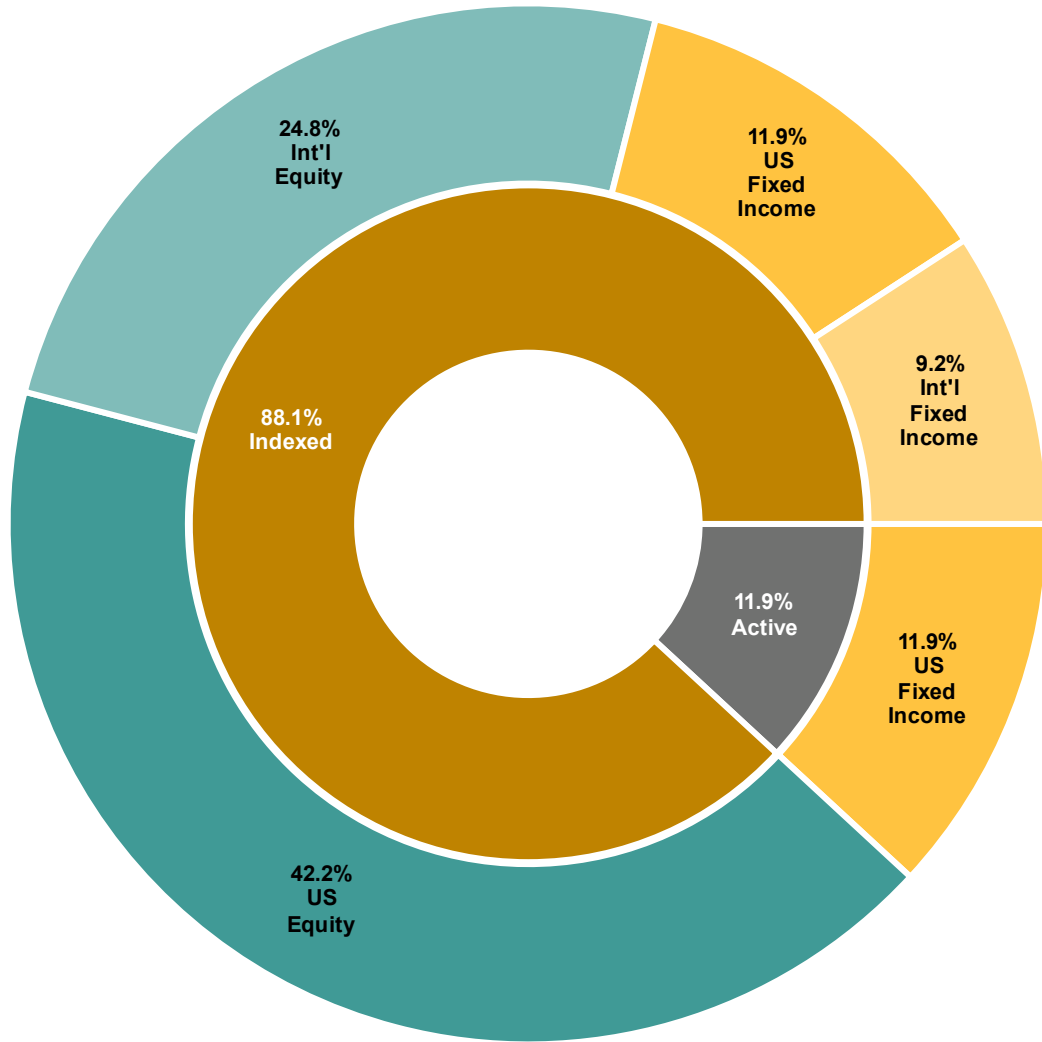
**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Portfolio allocation snapshot—active and indexed

UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

As of June 30, 2024

Active/Index allocation



Sub-asset classes and manager styles

Active/Index	Sub-asset class	Manager style	Percentage
Active	US Fixed Income	Intermediate-Term Investment Grade	2.6%
Active	US Fixed Income	Long-Term Bond Investment Grade	2.9%
Active	US Fixed Income	Short-Term Investment Grade	6.4%
Index	US Equity	Large Blend	42.2%
Index	Int'l Equity	Foreign Large Blend	24.8%
Index	US Fixed Income	Intermediate-Term Government	11.9%
Index	Int'l Fixed Income	Intermediate-Term Investment Grade	9.2%

The Active/Indexed allocation percentages represent the client's current allocations to the total portfolio. **Neither asset allocation or diversification can guarantee a profit or prevent loss.**

# Performance summary—by securities

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

For the periods ended June 30, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	28,555,635	100.0	100.0	1.33	1.54	6.63	13.34	2.48	7.42	6.64	7.42	01/31/13
<b>Client portfolio (net)</b>				1.33	1.48	6.50	13.06	2.28	7.24	6.47	7.24	01/31/13
<b>Policy benchmark</b>				1.45	1.49	6.37	13.07	2.42	7.12	6.57	7.32	01/31/13
<b>■ Equity</b>	<b>19,150,735</b>	<b>67.1</b>	<b>65.0</b>	<b>1.63</b>	<b>2.33</b>	<b>10.33</b>	<b>18.45</b>	<b>4.99</b>	<b>10.82</b>	<b>9.09</b>	<b>10.43</b>	<b>01/31/13</b>
Equity - Policy benchmark				1.76	2.31	10.22	18.51	4.98	10.81	9.09	10.43	01/31/13
<b>• Domestic Equity</b>	<b>12,054,727</b>	<b>42.2</b>	<b>39.0</b>	<b>3.14</b>	<b>3.25</b>	<b>13.58</b>	<b>23.21</b>	<b>7.91</b>	<b>14.07</b>	<b>12.11</b>	<b>13.51</b>	<b>01/31/13</b>
Domestic Equity - Policy benchmark				3.14	3.25	13.58	23.17	7.91	14.07	12.11	13.51	01/31/13
<b>- Vanguard Total Stock Market Index Fund Institutional Shares</b>	<b>12,054,727</b>	<b>42.2</b>	<b>-</b>	<b>3.14</b>	<b>3.25</b>	<b>13.58</b>	<b>23.21</b>	<b>7.91</b>	<b>14.07</b>	<b>12.11</b>	<b>13.48</b>	<b>02/28/13</b>
Spliced Total Stock Market Index				3.14	3.25	13.58	23.17	7.91	14.07	12.11	13.48	02/28/13
Multi-Cap Core Funds Average				1.84	1.10	11.10	19.34	5.96	11.61	9.49	11.00	02/28/13
<b>• International Equity</b>	<b>7,096,008</b>	<b>24.8</b>	<b>26.0</b>	<b>-0.87</b>	<b>0.80</b>	<b>5.15</b>	<b>11.00</b>	<b>0.37</b>	<b>5.78</b>	<b>4.04</b>	<b>5.04</b>	<b>01/31/13</b>
International Equity - Policy benchmark				-0.31	0.86	5.24	11.68	0.48	5.87	4.12	5.11	01/31/13
<b>- Vanguard Total International Stock Index Fund Institutional Shares</b>	<b>7,096,008</b>	<b>24.8</b>	<b>-</b>	<b>-0.87</b>	<b>0.80</b>	<b>5.15</b>	<b>11.00</b>	<b>0.37</b>	<b>5.78</b>	<b>-</b>	<b>4.73</b>	<b>08/31/17</b>
Spliced Total International Stock Index				-0.31	0.86	5.24	11.68	0.48	5.87	-	4.85	08/31/17

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

For the periods ended June 30, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
International Funds Average				-1.62	0.10	5.55	10.34	0.55	5.97	-	4.75	08/31/17
<b>■ Fixed Income</b>	<b>9,404,900</b>	<b>32.9</b>	<b>35.0</b>	<b>0.73</b>	<b>-0.02</b>	<b>-0.32</b>	<b>3.89</b>	<b>-2.37</b>	<b>0.12</b>	<b>1.71</b>	<b>1.76</b>	<b>01/31/13</b>
Fixed Income - Policy benchmark				0.86	-0.05	-0.54	3.30	-2.66	-0.19	1.58	1.61	01/31/13
<b>• Domestic Fixed Income</b>	<b>6,785,324</b>	<b>23.8</b>	<b>25.0</b>	<b>0.80</b>	<b>0.19</b>	<b>-0.25</b>	<b>3.70</b>	<b>-2.52</b>	<b>0.33</b>	<b>1.65</b>	<b>1.70</b>	<b>01/31/13</b>
Domestic Fixed Income - Policy benchmark				0.92	0.08	-0.64	2.73	-2.99	-0.18	1.38	1.43	01/31/13
<b>- Vanguard Total Bond Market Index Fund Admiral Shares</b>	<b>3,395,663</b>	<b>11.9</b>	<b>-</b>	<b>0.94</b>	<b>0.18</b>	<b>-0.62</b>	<b>2.76</b>	<b>-3.01</b>	<b>-0.20</b>	<b>1.33</b>	<b>1.38</b>	<b>01/31/13</b>
Spliced Bloomberg U.S. Aggregate Float Adjusted Index				0.92	0.08	-0.64	2.73	-2.99	-0.18	1.38	1.43	01/31/13
Spliced Intermediate Investment-Grade Debt Funds Average				1.01	0.24	-0.19	3.37	-3.02	-0.03	1.28	1.35	01/31/13
<b>- Vanguard Short-Term Investment-Grade Fund Admiral Shares</b>	<b>1,826,573</b>	<b>6.4</b>	<b>-</b>	<b>0.55</b>	<b>0.95</b>	<b>1.62</b>	<b>6.02</b>	<b>0.37</b>	<b>1.63</b>	<b>1.94</b>	<b>1.94</b>	<b>01/31/13</b>
Bloomberg U.S. 1-5 Year Credit Bond Index				0.60	0.95	1.47	5.74	0.30	1.61	1.98	1.99	01/31/13
1-5 Year Investment-Grade Debt Funds Average				0.59	1.05	1.90	5.77	-0.10	1.06	1.34	1.30	01/31/13
<b>- Vanguard Long-Term Investment-Grade Fund Admiral Shares</b>	<b>816,585</b>	<b>2.9</b>	<b>-</b>	<b>0.68</b>	<b>-1.80</b>	<b>-3.40</b>	<b>0.66</b>	<b>-7.32</b>	<b>-</b>	<b>-</b>	<b>-1.50</b>	<b>07/31/19</b>
Bloomberg U.S. Long Credit A or Better Bond Index				0.63	-1.92	-3.87	0.55	-7.49	-	-	-1.79	07/31/19
Corporate A-Rated Debt Funds Average				0.96	-0.18	-0.90	2.57	-4.01	-	-	-0.30	07/31/19

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

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For the periods ended June 30, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>- Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares</b>	<b>746,503</b>	<b>2.6</b>	<b>-</b>	<b>0.87</b>	<b>0.47</b>	<b>0.31</b>	<b>5.52</b>	<b>-2.17</b>	<b>1.01</b>	<b>2.32</b>	<b>2.36</b>	<b>01/31/13</b>
Bloomberg U.S. 5-10 Year Credit Bond Index				0.86	0.39	0.10	5.36	-2.27	0.91	2.52	2.61	01/31/13
Spliced Core Bond Funds Average				1.01	0.24	-0.19	3.37	-3.02	-0.03	1.28	1.35	01/31/13
<b>• International Fixed Income</b>	<b>2,619,577</b>	<b>9.2</b>	<b>10.0</b>	<b>0.55</b>	<b>-0.56</b>	<b>-0.49</b>	<b>4.37</b>	<b>-2.00</b>	<b>-0.41</b>	<b>1.92</b>	<b>2.27</b>	<b>08/31/13</b>
International Fixed Income - Policy benchmark				0.73	-0.39	-0.31	4.69	-1.87	-0.25	2.12	2.44	12/31/13
<b>- Vanguard Total International Bond Index Fund Admiral Shares</b>	<b>2,619,577</b>	<b>9.2</b>	<b>-</b>	<b>0.55</b>	<b>-0.56</b>	<b>-0.49</b>	<b>4.37</b>	<b>-2.00</b>	<b>-0.41</b>	<b>1.92</b>	<b>2.27</b>	<b>08/31/13</b>
Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged				0.73	-0.39	-0.31	4.69	-1.87	-0.25	2.12	2.47	08/31/13
International Income Funds Average				-0.17	-1.08	-1.83	3.00	-4.22	-1.87	-0.44	0.27	08/31/13

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Portfolio risk analysis

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

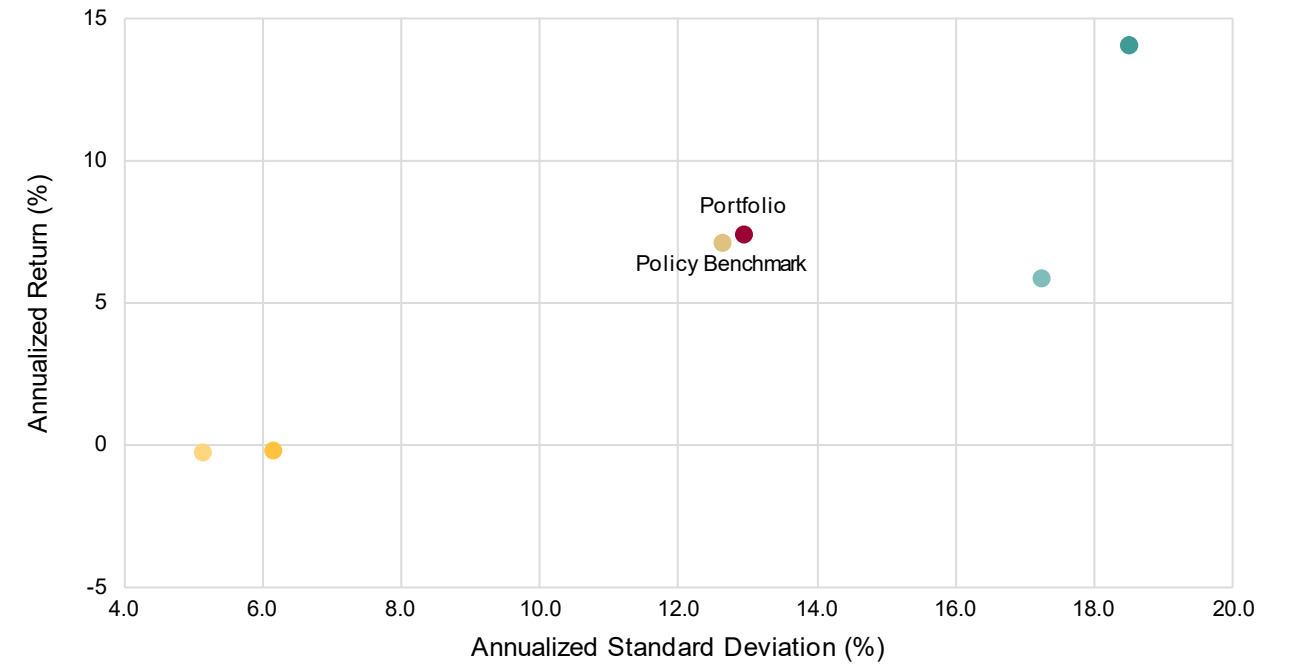
For the five-year period ended June 30, 2024

### Risk analysis

	Portfolio	Policy
Annualized return (%)	7.42	7.12
Annualized standard deviation (%)	12.95	12.64
Annualized Sharpe ratio	0.40	0.39
Annualized tracking error (%) vs benchmark	0.65	-
Annualized Information ratio vs benchmark	0.46	-
Annualized Jensen's Alpha (%) vs benchmark	0.18	-
Beta vs benchmark	1.02	1.00
R-Squared vs benchmark	0.9980	1.0000

Returns and risk for the "Risk Analysis" chart are gross of advisory fees and are time-weighted. Returns and risk for the "Risk versus returns" chart represent the assigned sub-asset class benchmarks for the client's portfolio, of which there may be more than one per sub-asset class.

### Risk versus returns



Sub-asset class	Benchmark	Return	Risk
Domestic Equity	Spliced Total Stock Market Index	14.1%	18.5%
International Equity	Spliced Total International Stock Index	5.9%	17.2%
Domestic Fixed Income	Spliced Bloomberg U.S. Aggregate Float	-0.2%	6.2%
International Fixed Income	Bloomberg Global Aggregate ex-USD	-0.3%	5.1%
Client portfolio		7.4%	12.9%
Policy benchmark		7.1%	12.6%

# Outlook



# Executive summary

- Growth – *Normalization continues*

- The global economy continues to do reasonably well, underpinned by strong income growth and a bottoming in the global manufacturing cycle. While the US has slowed, we do not think a recession is likely and view the latest consensus estimates of approximately 1.5-2% growth, over the coming 18 months, as reasonable.

- Inflation – *Walking the final mile*

- Inflation rates have fallen globally. US inflation is showing signs of moving towards to 2%, with 2% possible next year. We think the final leg of the inflation journey hinges around labor markets and, in particular wage growth.
- In the eurozone, the pace of disinflation has slowed but the central bank target is within a line of sight. Inflation in Japan is above 2%, but underlying price pressures remain given tight labor market and rising wages, strong exports from the weak yen and the potential for strong investment. EM inflation rates broadly declined.

- Central banks – *Let the cuts begin*

- The Fed revised lower its rate cut projections. We maintain our view that inflation is on a downward trajectory, which will likely allow the Fed to cut interest rates later in 2024, whether it is once or twice or three times. Current market-based measures of rate cut expectations, see the Fed cutting interest rates by 0.50% at year-end.
- Over 40% of G10 central banks have now cut interest rates<sup>1</sup>. The Bank of Japan left rates unchanged, but adopted a somewhat hawkish tone, suggesting further hikes are likely this year. EM central banks slowed the pace of rate cuts.

<sup>1</sup> Source: ECB, SNB, BoC, Riksbank have all cut interest rates



# Asset Allocation Review



# Summary: Total return framework, risk/return study

Forecast: July 2024

Time horizon: 10 years

Asset classes	Distribution of annualized returns								
	Current 65/35	IPS Limit 70/30	5th	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	95 <sup>th</sup>	Volatility	
US All Cap Equity	39.00%	42.00%	-1.36%	2.59%	5.24%	7.66%	10.86%	18.43%	
AC World ex-US All Cap Equity Unhedged	26.00%	28.00%	0.89%	4.43%	6.93%	9.21%	12.46%	17.72%	
US Aggregate Fixed Income	12.50%	10.50%	3.10%	4.20%	4.83%	5.47%	6.38%	6.10%	
US Credit Fixed Income	12.50%	10.50%	2.78%	4.26%	5.00%	5.70%	6.65%	6.98%	
Non-US Broad FI Hedged	10.00%	9.00%	1.82%	3.32%	4.40%	5.47%	7.04%	5.48%	
Inflation	0.0%	0.0%	-0.73%	1.32%	2.62%	3.78%	5.50%	2.73%	
US Cash	0.0%	0.0%	0.92%	2.33%	3.35%	4.51%	6.28%	2.51%	
<b>Portfolio analytics</b>									
Median return (geometric)	5.85%	5.87%							
Median real return (geometric)	3.12%	3.17%							
Median risk (volatility)	12.04%	12.80%							
Max drawdown (5th percentile)	-30.76%	-33.61%							
Arithmetic Sharpe ratio	0.24	0.24							
<b>Distribution of annualized returns</b>					<b>5<sup>th</sup></b>	<b>25<sup>th</sup></b>	<b>50<sup>th</sup></b>	<b>75<sup>th</sup></b>	<b>95<sup>th</sup></b>
Current 65/35 Portfolio					1.72%	4.23%	5.85%	7.40%	9.60%
<i>Current 65/35 Portfolio Real</i>					-0.01%	1.84%	3.12%	4.48%	6.48%
IPS Limit 70/30 Portfolio					1.49%	4.15%	5.87%	7.54%	9.87%
<i>IPS Limit 70/30 Real</i>					-0.17%	1.80%	3.17%	4.54%	6.69%

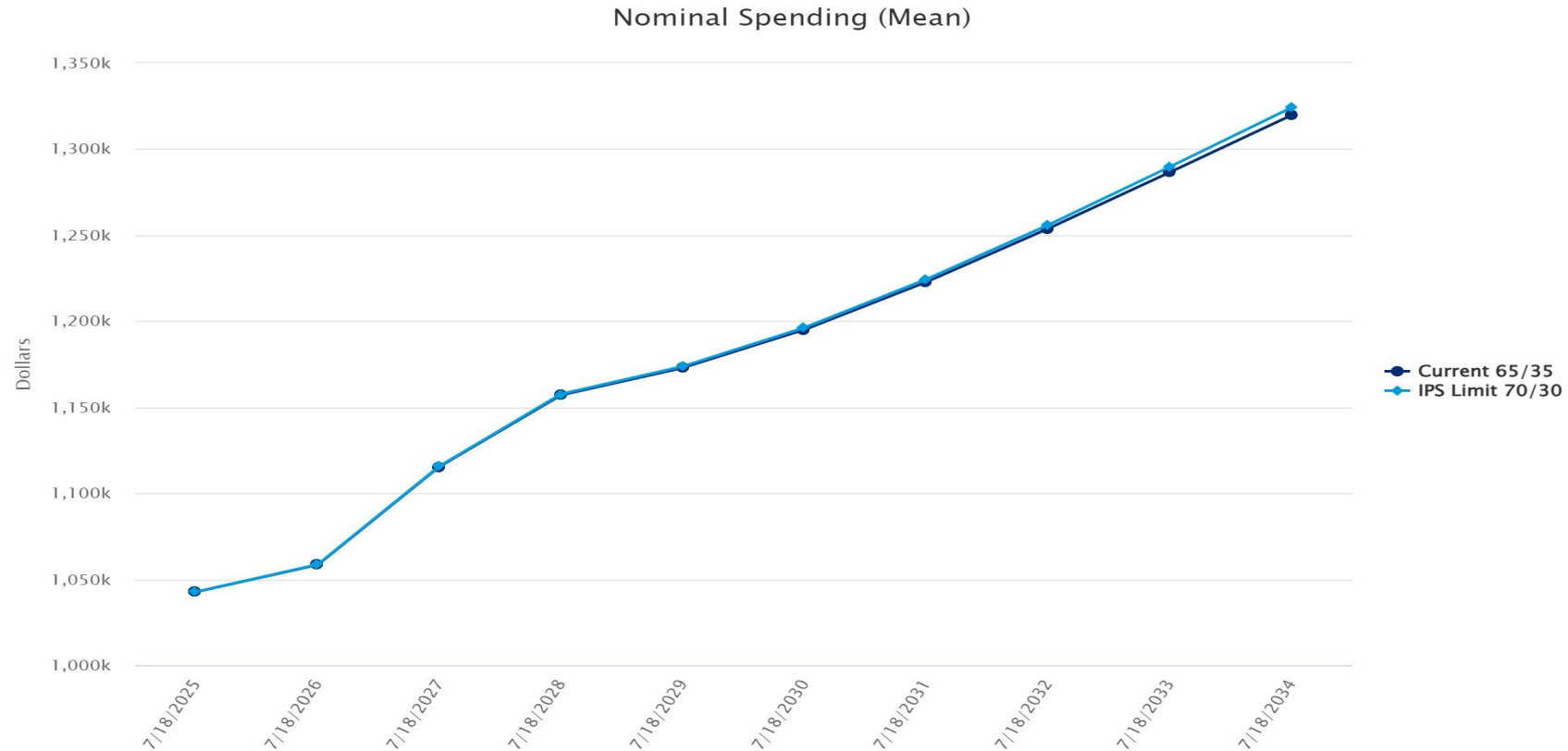
# Spending Analysis

Forecast: July 2024

Time horizon: 10 years

## Assumptions:

- 4% Spending Rate
- 3-year lookback period

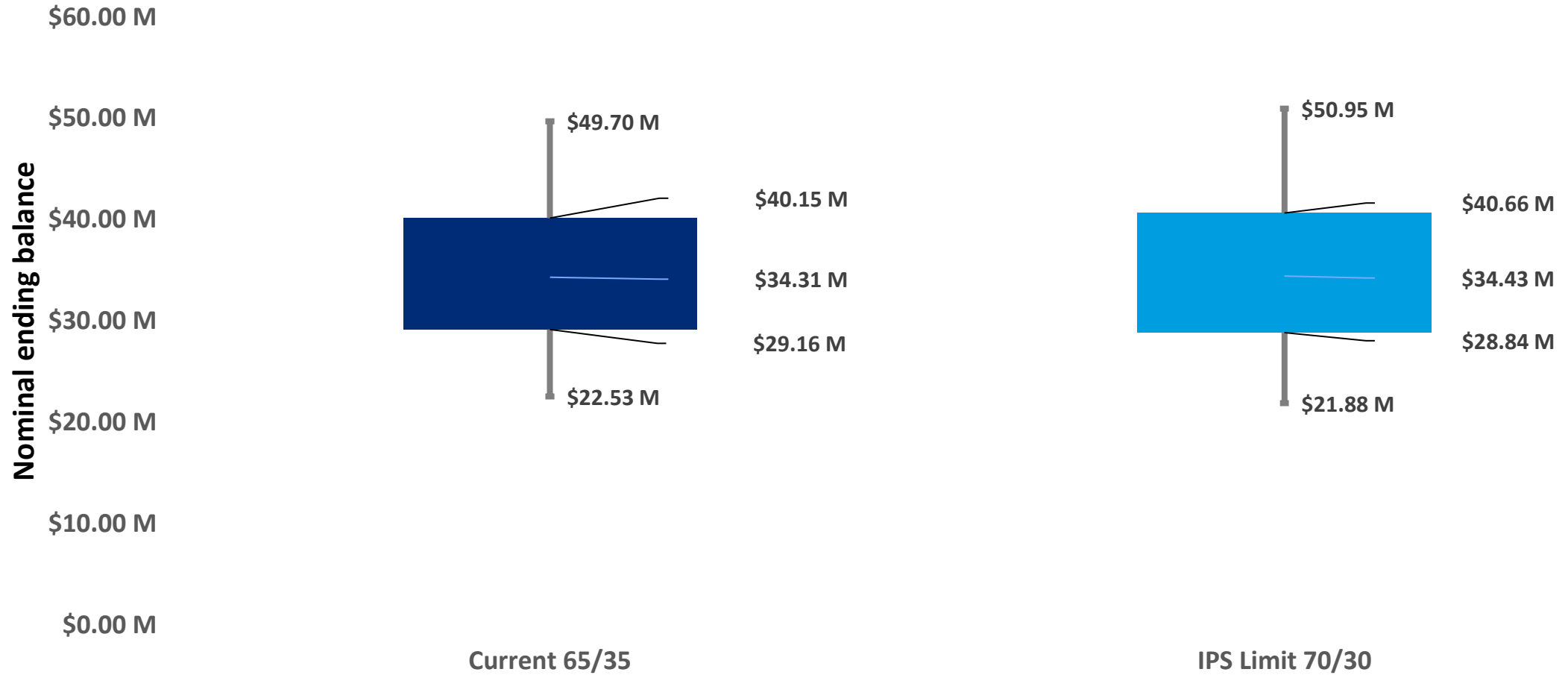


# Portfolio Analytics

10 Years

Cash flows applied

## Distribution of nominal ending balances

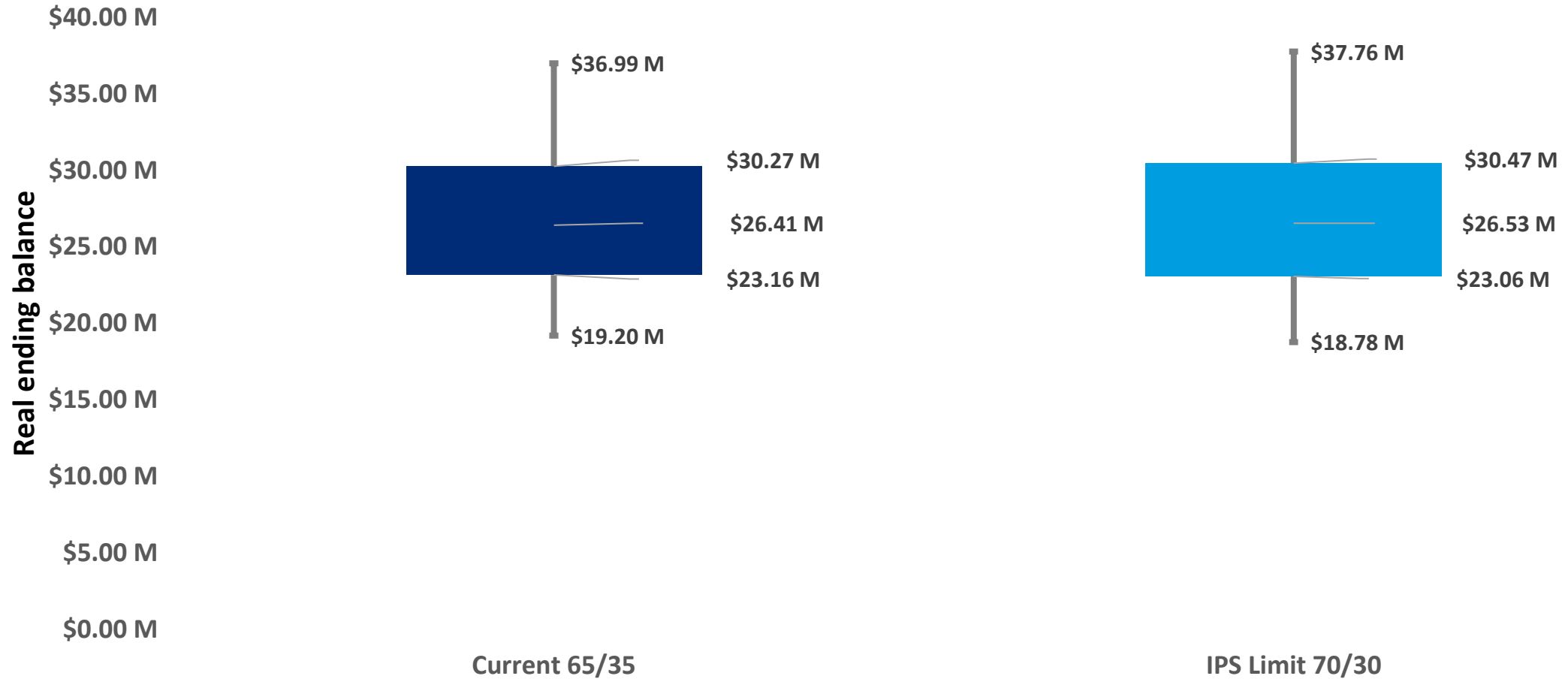


# Portfolio Analytics

10 Years

Cash flows applied

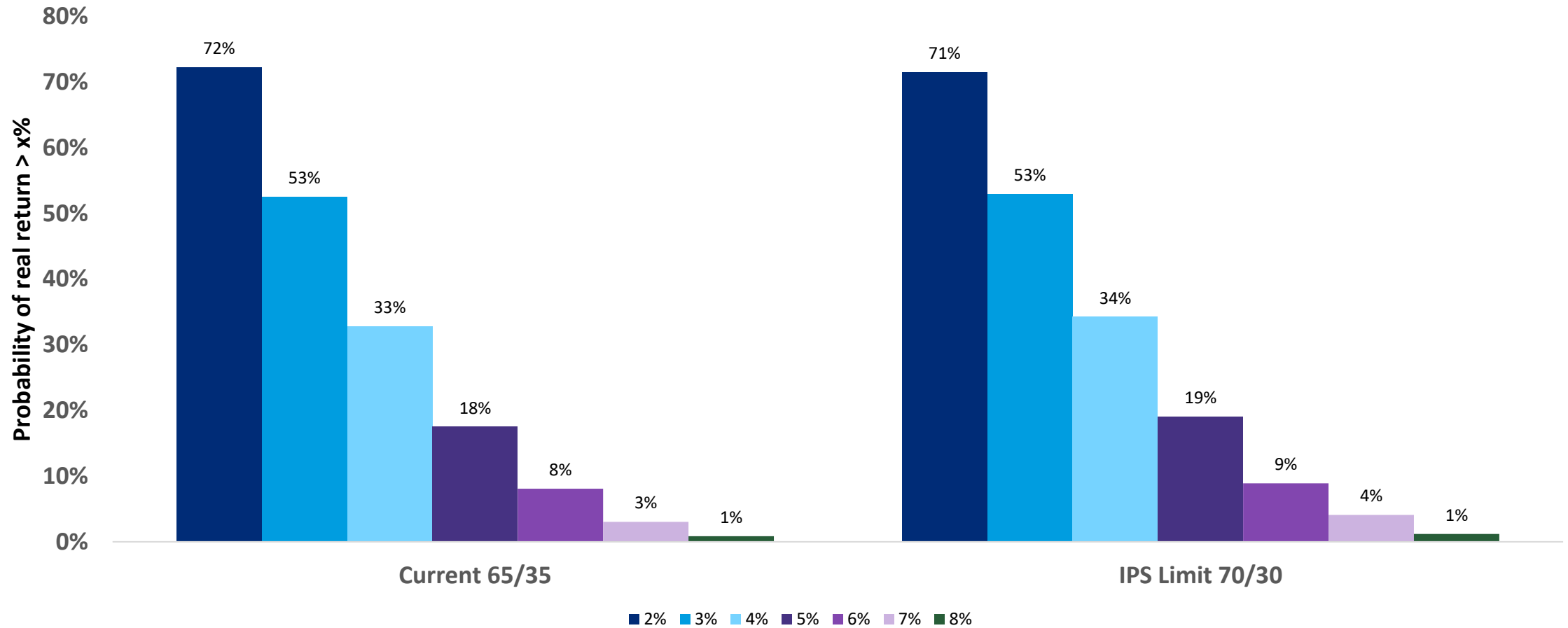
## Distribution of real ending balances



# Portfolio Analytics

10 Years

Probability of return (real) exceeding:



# Appendix

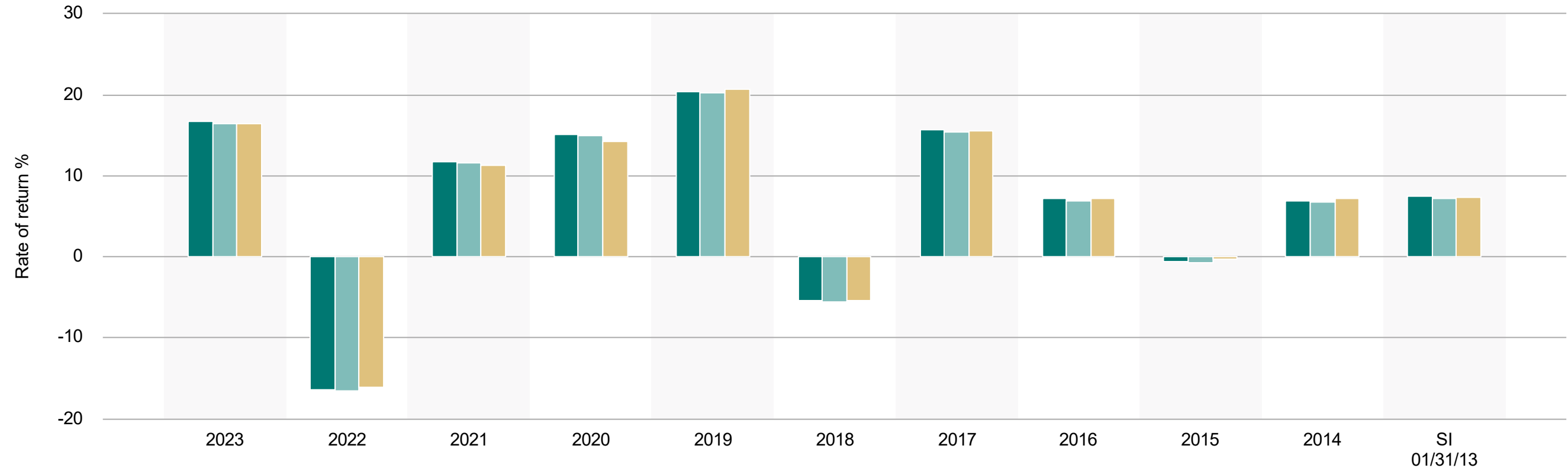
5

# Portfolio performance—annual periods

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

For the period ended June 30, 2024

Gross versus net of fees



	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	Since Inception
■ Gross return	16.69%	-16.35%	11.76%	15.17%	20.39%	-5.44%	15.64%	7.14%	-0.50%	6.88%	7.42%
■ Net return	16.42%	-16.49%	11.63%	15.03%	20.24%	-5.58%	15.43%	6.94%	-0.66%	6.70%	7.24%
■ Policy benchmark	16.39%	-16.05%	11.30%	14.22%	20.65%	-5.41%	15.59%	7.21%	-0.32%	7.24%	7.32%

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

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# Cash flow and market value summary

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

For the periods ended June 30, 2024

### Cash flow summary and market value history

	<b>Last month</b>	<b>Last three months</b>	<b>Year-to-date</b>	<b>One year</b>
Beginning Market Value	\$28,230,995.81	\$28,181,145.29	\$26,280,443.90	\$25,257,218.94
Net Cash Flow	<b>-\$51,000.00</b>	<b>-\$62,920.29</b>	\$494,134.60	<b>-\$36,912.48</b>
Contributions	\$49,000.00	\$141,500.00	\$732,500.00	\$732,500.00
Redemptions	<b>-\$100,000.00</b>	<b>-\$188,000.00</b>	<b>-\$206,000.00</b>	<b>-\$706,200.00</b>
Advisory Fees	\$0.00	<b>-\$16,420.29</b>	<b>-\$32,365.40</b>	<b>-\$63,212.48</b>
Net Investment Change	\$375,639.33	\$437,410.14	\$1,781,056.64	\$3,335,328.68
Net Capital	\$248,547.65	\$255,913.92	\$1,456,445.43	\$2,600,397.74
Investment Income	\$127,091.68	\$181,496.22	\$324,611.21	\$734,930.94
Ending Market Value	\$28,555,635.14	\$28,555,635.14	\$28,555,635.14	\$28,555,635.14

Source: Vanguard.

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# Investment expense summary

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

As of June 30, 2024

	Market value	% of portfolio	Expense ratio	Estimated expense
<b>■ Total Equity</b>	<b>\$19,150,734.79</b>	<b>67.1%</b>		<b>\$10,002.83</b>
• Domestic Equity	<b>\$12,054,726.86</b>	<b>42.2%</b>		<b>\$3,616.42</b>
Vanguard Total Stock Market Index Fund Institutional Shares	\$12,054,726.86	42.2%	0.030%	\$3,616.42
• International Equity	<b>\$7,096,007.93</b>	<b>24.8%</b>		<b>\$6,386.41</b>
Vanguard Total International Stock Index Fund Institutional Shares	\$7,096,007.93	24.8%	0.090%	\$6,386.41
<b>■ Total Fixed Income</b>	<b>\$9,404,900.35</b>	<b>32.9%</b>		<b>\$8,050.69</b>
• Domestic Fixed Income	<b>\$6,785,323.59</b>	<b>23.8%</b>		<b>\$5,169.15</b>
Vanguard Total Bond Market Index Fund Admiral Shares	\$3,395,662.91	11.9%	0.050%	\$1,697.83
Vanguard Short-Term Investment-Grade Fund Admiral Shares	\$1,826,572.92	6.4%	0.100%	\$1,826.57
Vanguard Long-Term Investment-Grade Fund Admiral Shares	\$816,584.50	2.9%	0.110%	\$898.24
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	\$746,503.26	2.6%	0.100%	\$746.50
• International Fixed Income	<b>\$2,619,576.76</b>	<b>9.2%</b>		<b>\$2,881.53</b>
Vanguard Total International Bond Index Fund Admiral Shares	\$2,619,576.76	9.2%	0.110%	\$2,881.53
<b>Total</b>	<b>\$28,555,635.14</b>	<b>100.0%</b>	<b>0.063%</b>	<b>\$18,053.51</b>

Estimated annual investment expenses are shown for public/liquid investments held in the portfolio. If any non-public/illiquid investments are held in the portfolio then they will be excluded due to the variability of fees inherent in that space. Estimated annual investment expenses are forward looking and can be subject to change. Advisory fees paid by the portfolio for all investments held are captured in the Cash flow and market value summary report.

# Benchmark allocation history

## UA 11-16-2012 Congregational Investment Trust Corp for NACCC of The US

Policy benchmark allocations up to June 30, 2024



Policy Benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change overtime as the investment strategy changes. The most recently policy benchmark composition is in the top row. Neither asset allocation nor diversification can guarantee a profit or prevent loss. Indexes are unmanaged; direct investment is not possible. **Please read additional information in Benchmark and Disclosure sections.**

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# Additional Information

**Gross Portfolio Returns** represent client-specific time-weighted returns (TWR) of the entire portfolio including the deduction of mutual fund expense ratios, purchase/redemption fees, and other security-level expenses, but gross of advisory and service fees applied to the client portfolio.

**Client performance inception date** is generally the first month-end after initial funding.

**Lipper Fund Average performance** figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company, and was not adjusted for fees and loads.

Clients invested in Exchange-traded Funds “ETFs” transact at the market price during market trading hours. ETF performance for clients is also based on the market price at close, which may be different than the fund’s Net Asset Value.

Market value and returns for individual securities are calculated using the client’s daily custodial records. As a result, returns may vary slightly from the official month-end returns of a security as reported on Vanguard.com.

## **Glossary of risk metrics:**

**Standard Deviation** is a risk measure of dispersion around the mean return.

**Tracking Error** is a relative risk measure of the standard deviation of excess returns.

**Sharpe Ratio** is a total risk measure of portfolio reward to variability.

**Information Ratio** is a relative risk measure of portfolio excess returns and tracking error.

**Jensen's Alpha** is a systematic risk measure of excess return adjusted for systematic risk.

**Beta** is a systematic risk measure of the sensitivity of portfolio returns to changes in benchmark returns.

**R-Squared** is the square of the correlation coefficient and is the proportion of portfolio returns variance that is related to benchmark returns variance.

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## Expected Return and Risk Statistics

Portfolio expectations are forward looking and reflective of Mercer's Capital Market Assumptions, as defined by asset class and incorporating return, standard deviation, and correlations. Our process for setting asset class expected returns begins with developing an estimate of the long term normal level of economic growth and inflation. From these two key assumptions, we develop an estimate for corporate earnings growth and the natural level of interest rates. From these values, we then estimate the expected long term return of the core asset classes, equity and government bonds. We combine current valuations with our expectations for long term normal valuations and incorporate a reversion to normal valuations over a period of up to five years. Volatility and correlation assumptions are based more directly on historical experience except in cases in which the market environment has clearly changed.

Return expectations are intended to illustrate the hypothetical performance of a recommended asset allocation, based on the expected return (derived as described above) of passive indices considered by Mercer to be representative of each asset class. Return expectations do not incorporate performance impact of active management. The views expressed are provided for discussion purposes and do not provide any assurance or guarantee of future returns.

Expected return is shown net of the proposed investment manager fees and assumes the reinvestment of dividends and other earnings. Periods over one year are annualized.

Hypothetical performance results and related statistics do not represent the results of actual trading using client assets. Actual results may significantly differ from the hypothetical returns being presented. Investors may experience loss. The time periods shown represent a variety of economic and market conditions, including the unpredictability of such conditions and includes periods of market volatility. There are limitations with the data presented below as each client would have its own investment objectives, risk tolerance, goals and benchmarks for its portfolios, and the hypothetical performance shown is intended only to illustrate return expectations for different asset class allocations and does not attempt to account for active management within those allocations. Performance results for individual client portfolios will vary depending on active management decisions, as well as due to possible inclusion of cash and cash equivalents, reinvestment of dividends, interest and other earnings including timing of investments, withdrawals among other reasons.



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