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Monthly Report to the Board of Land Commissioners

Investment performance through April 30, 2024

Month: -3.3% **Fiscal year: 7.5%**

Headline inflation came in at 0.4% month-over-month and 3.5% on an annual basis. This was the third consecutive month where the rate of inflation was flat to modestly higher. Inflation related to shelter hasn't declined as quickly as anticipated given higher mortgage rates and service inflation remains strong. This generated concerns that the trend of declining inflation may have stalled and that it will take a longer period of higher interest rates to push inflation back down to the Fed's 2.0% target. Financial markets, that at one point anticipated six interest rate cuts in 2024, currently reflect only one interest rate cut in December. U.S. real GDP growth slowed to an annualized rate of 1.6% in the first quarter, down from 3.4% in the fourth quarter of 2023. Interest rates increased and equity markets declined during the month as investors realized it is a bit too soon to declare victory.

Status of endowment fund reserves

Distributions for FY2024 and FY2025 are well secured.

Significant actions of the Endowment Fund Investment Board

None

Compliance/legal issues, areas of concern

Material deviations from Investment Policy: None

Material legal issues: None

Changes in board membership or agency staffing: None

Upcoming issues/events

Board Meeting – May 21, 2024

Audit Committee Meeting – May 23, 2024