

March 8, 2019

February Update from the CIO

Successful launch of WII

We are now just over two months into 2019 and much has happened within our organization, in the financial markets and within The United Methodist Church (UMC).

January 2 marked the launch of Wespath Institutional Investments (WII), a new not-for-profit investment management organization dedicated to serving institutional investors related to the UMC. Establishing WII as a subsidiary organization of Wespath Benefits and Investments (Wespath) provides us with the flexibility to serve a broader range of UMC-related institutional investors than we have historically been able to reach, including hospitals, universities and others.

While the internal complexities of establishing this new organization were varied, I am extremely proud we were able to provide a seamless transition for clients now serviced by WII.

Rebounding financial markets

We entered into 2019 on the heels of a very volatile 2018 – we nearly saw the end of the longest running bull market in history – but markets have rebounded on the back of positive U.S. economic and global geopolitical news.

A number of factors have contributed to the market turnaround. Economic growth data exceeded economist expectations, the U.S. Labor Department continues to report a robust labor market and inflation remains contained. The longest U.S. government shutdown in history, which began in December, officially came to an end on January 25. In addition, the U.S. government suspended its announced tariff increases on Chinese imports as both parties appear to be averting a trade war.

As of March 7, the S&P 500 was up over 10% year to date, while the Dow Jones Industrial Average increased nearly 10%.

WII's U.S. Equity Fund–I Series and International Equity Fund–I Series returned nearly 15% and slightly more than 11%, respectively, through the first two months and both comfortably exceeded their performance benchmarks. Preliminary data shows both funds performing near the top of their peer universes.

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Committed to serving our investors

We recognize that this has been a time of uncertainty within the UMC, and that times of potential change could lead to anxiety. I would personally like to reassure you that WII and Wespath are able and prepared to serve you and other non-profit institutional investors related to the UMC, no matter what form the Church takes in the future.

Wespath and WII continue to operate business as usual and are ready to support your needs.

We have always, and will continue to, serve as a prudent fiduciary on behalf of our institutional investors. Our [10 Investment Beliefs](#), which guide our investment approach, remain in place. Our most important belief – our Investor Focus – states that our activities must support the financial well-being of those we serve. They also speak to our aspiration to provide financial stability and security to our clients, both now and in the future.

As always, WII remains committed to enabling clients to meet their investment objectives by offering access to world-class investment managers, a globally-recognized sustainable investment program, global market diversification and superior client servicing.

We are fortunate to be a part of an organization with a century-long history of serving the Church, including over 40 years of investing on behalf of institutional investors. There have been many times of change in that period, including depressions, world wars, and Church divisions and unifications.

As with every change we experience – both internally and externally – we do so with the knowledge that our primary responsibility is to those we serve. As WII grows and expands, we will continue to focus on providing competitive returns so you can focus on fulfilling your missions.

We thank you for your continued partnership.

Sincerely,

Dave Zellner
Chief Investment Officer