

December 2022 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks decreased 5.8%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, decreased 0.6% in December. The Bloomberg U.S. Aggregate Bond Index (Bloomberg U.S. Aggregate) decreased 0.5%.
- Inflation was 7.1% in November, as measured by the year-over-year change in the Consumer Price Index (CPI). The Core Personal Consumption Expenditures (PCE) measure of inflation, the U.S. Federal Reserve's (Fed) preferred gauge of inflation (and which excludes food and energy), decelerated from 5.0% in October to 4.7% in November.
- The U.S. economy added 223,000 non-farm jobs in December, and the unemployment rate decreased to 3.5%.
- The U.S. Equity Fund – I Series, Inflation Protection Fund – I Series and Multiple Asset Fund – I Series outperformed their respective benchmarks in December, while the International Equity Fund – I Series and Fixed Income Fund – I Series underperformed their respective benchmarks.

Monthly Overview

Equities and fixed income decreased

U.S. equity prices fell in December as central banks committed to continue increasing interest rates to moderate inflation. The Russell 3000 Index declined 5.9%, and all U.S. stock market sectors decreased. Value stocks outperformed growth stocks, as the Russell 3000 Value Index decreased 4.2% and the Russell 3000 Growth Index decreased 7.6%. The U.S. dollar Index decreased for a third consecutive month, declining 2.3% in December. Stocks in developed countries outside of the U.S. increased 0.1%, as measured by the MSCI EAFE Index, while the MSCI Emerging Markets IMI Index decreased 1.4%.

The Bloomberg U.S. Aggregate declined 0.5% in December as bond yields rose during the month. The 10-year U.S. Treasury note yield increased 0.2%, ending the month at 3.9%. The Bloomberg U.S. High Yield Index declined 0.6%.

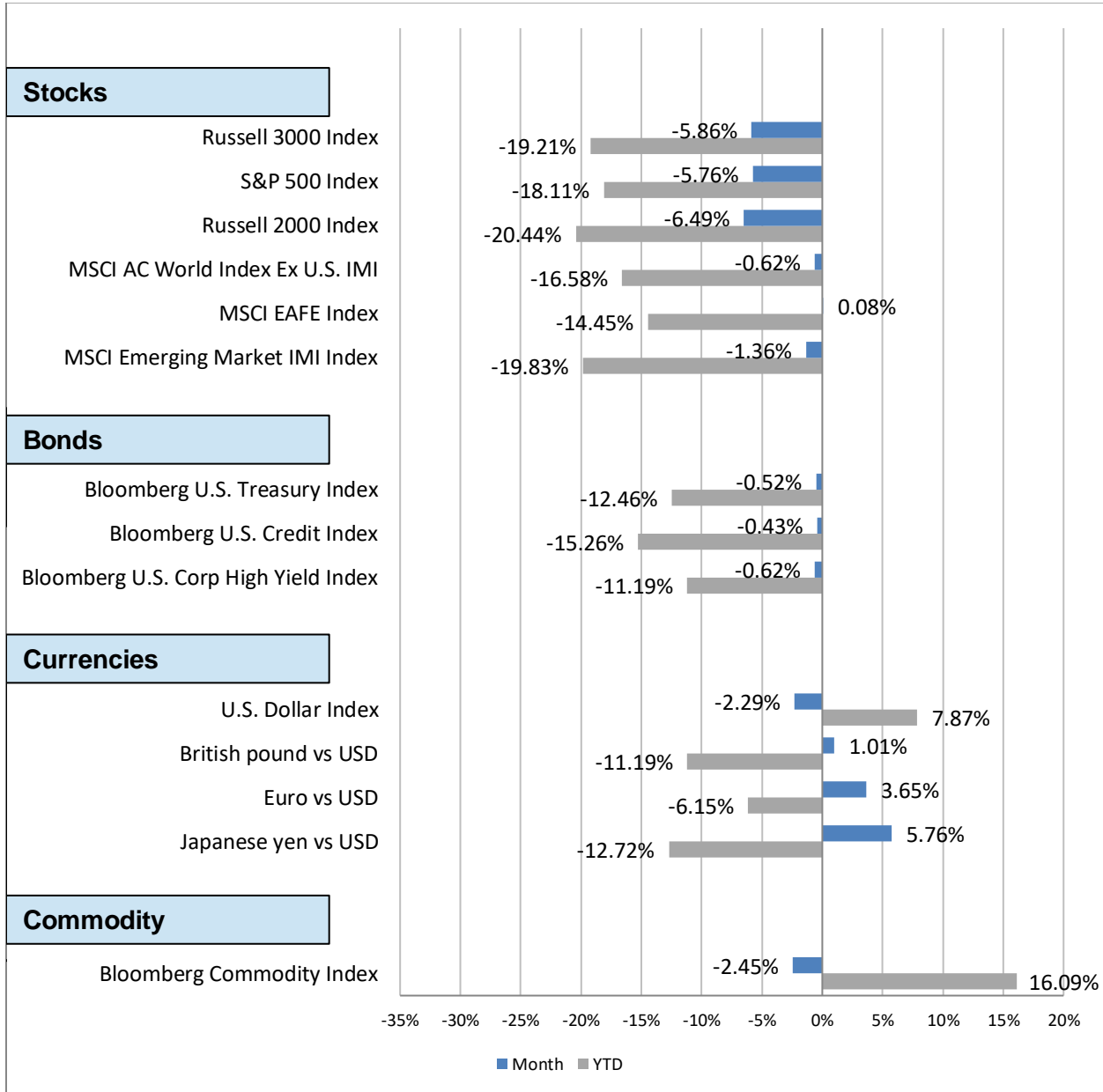
Economic update

U.S. Real GDP increased at an annual rate of 3.2% in the third quarter, based on the Bureau of Economic Analysis' third estimate, an increase of 0.3 percentage points from the second estimate in November. CPI increased 7.1% year over year in November, and Core PCE increased 4.7%. Fed Chair Jerome Powell confirmed that the Fed has seen progress in moderating inflation but stated that there is a long way to go to return inflation to target. U.S. employers added 223,000 non-farm jobs in December, and the unemployment rate decreased from 3.7% to 3.5%. Wages increased 0.3% for the month and 4.6% year over year, measuring the lowest 12-month increase in 2022.

China lifts zero-covid measures and begins to reopen

China lifted most of its zero-COVID restrictions in December, resulting in a wave of new COVID infections that caused labor shortages and logistical challenges. China's manufacturing Purchasing Managers Index (PMI) decreased from 48.0 to 47.0 in December, while its non-manufacturing PMI decreased from 46.7 to 41.6 (a reading of below 50 indicates contraction). Still, the MSCI China Equity Index increased 5.2% in December, as optimism for economic recovery outweighed concerns about rising infections.

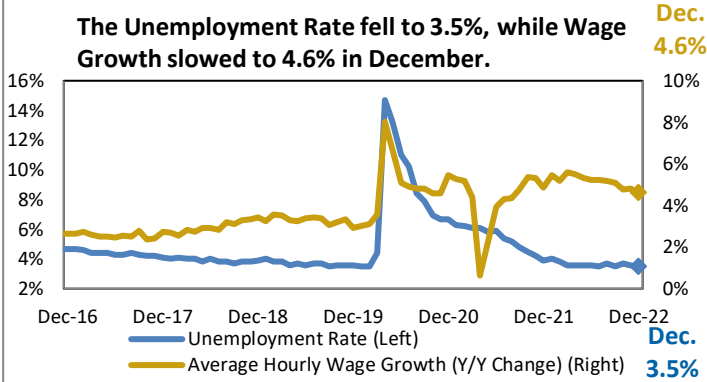
Market Performance



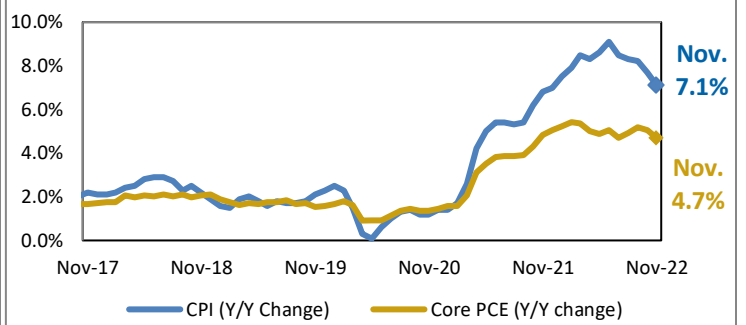
Source: FactSet, as of December 31, 2022.

Key Monthly Economic Statistics

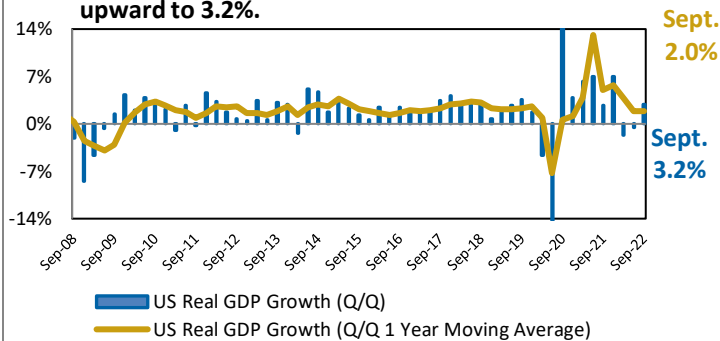
The Unemployment Rate fell to 3.5%, while Wage Growth slowed to 4.6% in December.



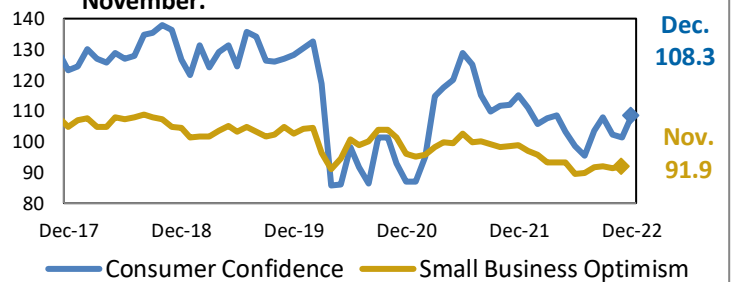
CPI Inflation and Core PCE decreased in November.



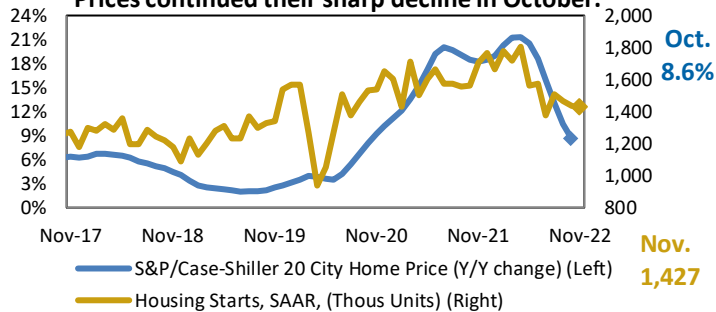
Real GDP for the third quarter of 2022 was revised upward to 3.2%.



Consumer Confidence increased in December, and Small Business Optimism stayed level in November.



Housing Starts fell slightly in November, and Home Prices continued their sharp decline in October.



In December, the Fed Funds Rate reached its highest level since 2007, but the U.S. Dollar Index declined for the third straight month.

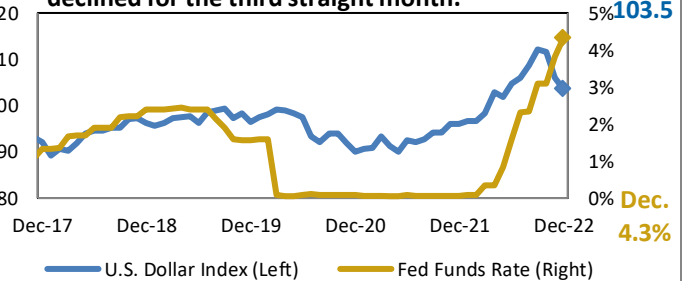
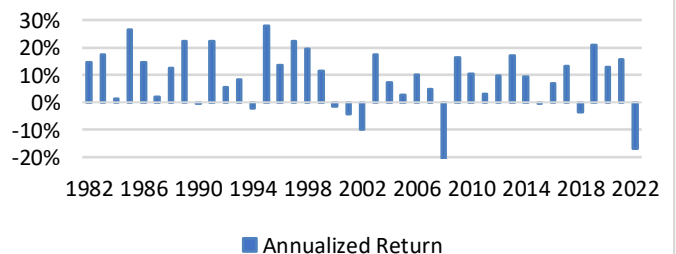


Chart of the Month

- A portfolio of 60% stocks and 40% bonds seeks to reduce risk during volatile market conditions because bonds usually increase when stocks decrease. However, both stocks and bonds significantly decreased in 2022.
- The chart shows a portfolio of 60% S&P 500 Index and 40% Bloomberg U.S. Aggregate Index.
- Over the last 40 years, the average annual return of the 60/40 portfolio was 8.8%.
- The 2022 return of -16.9% was the second worst over the last 40 years. The return in 2008 was the worst. The return of the 60/40 portfolio that year was -21%.
- If your 60/40 portfolio was 60% S&P 500 Index and 40% 10-year U.S. Treasuries, the 2022 return was the worst since 1937.

60/40 Portfolio Annualized Return



Investment Fund Review (Net-of-Fees Performance)ⁱ

Equity Funds

U.S. Equity Fund – I Series

Fund	December	QTD	YTD
U.S. Equity Fund – I Series	-5.51%	+7.03%	-19.95%
Russell 3000 Index	-5.86%	+7.18%	-19.21%
Difference (percentage points)	+0.35	-0.15	-0.74

- During the month, the fund outperformed its benchmark mainly due to dedicated allocations to private equity and private real estate. The fund's strategic underweight to mega-cap technology companies was also a positive contributor to benchmark-relative performance.
- During the quarter, the fund underperformed its benchmark due to investments in growth-oriented companies, dedicated allocations to private equity and private real estate, and the impact of excluding stocks in accordance with WII's Exclusions Policy (described [here](#)). The fund's strategic underweight to mega-cap technology companies was a positive contributor to relative performance.
- During the year, the fund underperformed its benchmark mainly due to investments in growth-oriented companies as well as the impact of excluding certain stocks in accordance with WII's Exclusions Policy (described [here](#)). An underweight to large-cap companies and the fund's dedicated investments in private equity and private real estate contributed positively to benchmark-relative performance.

International Equity Fund – I Series

Fund	December	QTD	YTD
International Equity Fund – I Series	-1.43%	+14.77%	-21.69%
MSCI ACWI ex U.S. Investable Market Index (Net)	-0.62%	+14.15%	-16.58%
Difference (percentage points)	-0.81	+0.62	-5.11

- During the month, the fund underperformed its benchmark due to growth-oriented active managers underperforming their respective benchmarks. The fund's fair market valuation policy (described [here](#)) detracted from benchmark-relative performance. Investments in private equity and private real estate modestly contributed to relative performance.
- During the quarter, the fund outperformed its benchmark due to nine of the 11 active managers outperforming their respective benchmarks. The fund's dedicated investments in private equity and private real estate detracted from benchmark-relative performance.
- During the year, the fund underperformed its benchmark mainly due to poor-performing investments held by growth-oriented active managers as well as excluding certain stocks in accordance with WII's Exclusions Policy (described [here](#)).

U.S. Equity Index Fund – I Series

Fund	December	QTD	YTD
U.S. Equity Index Fund – I Series	-5.89%	+7.01%	-19.71%
Russell 3000 Index	-5.86%	+7.18%	-19.21%
Difference (percentage points)	-0.03	-0.17	-0.50

- The U.S. Equity Index Fund – I Series is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. For the month, quarter and year, certain stocks excluded in accordance with WII's Exclusions Policy (described [here](#)) detracted from relative performance.

Fixed Income Funds

Fixed Income Fund – I Series

Fund	December	QTD	YTD
Fixed Income Fund – I Series	-0.45%	+2.63%	-12.77%
Barclays U.S. Universal (ex MBS) Index	-0.31%	+2.27%	-13.34%
Difference (percentage points)	-0.14	+0.36	+0.57

- In December, asset manager security selection and the allocation to the Positive Social Purpose Lending Program detracted the most from benchmark-relative performance. The allocation to high-yield rated corporate bonds also detracted from relative performance. The allocation to emerging market debt contributed positively to relative performance.
- During the fourth quarter, allocations to high-yield-rated corporate bonds, global bonds and emerging market debt contributed positively to benchmark-relative performance. The fund's allocations to U.S. agency commercial mortgage-backed securities and the Positive Social Purpose Lending Program detracted from relative performance.
- For the year, the fund's allocations to U.S. agency commercial mortgage-backed securities, the Positive Social Purpose Lending Program, alternative investments, cash and high-yield-rated corporate bonds positively contributed to relative performance. Asset manager security and sector selection also contributed positively to relative performance.

Inflation Protection Fund – I Series

Fund	December	QTD	YTD
Inflation Protection Fund – I Series (IPF-I)	-1.08%	+2.74%	-6.07%
IPF-I Benchmark ⁱⁱ	-2.23%	+1.15%	-12.20%
Difference (percentage points)	+1.15	+1.59	+6.13

- The fund's underweight allocation to U.K. inflation-linked securities positively contributed to benchmark-relative performance for the month, quarter and year.
- During December and the fourth quarter, the allocation to senior secured loans contributed positively to benchmark-relative performance, while asset manager security selections in commodities and emerging market inflation-linked bonds detracted from relative performance.
- For the year, manager selection and allocations to senior secured loans and commodities added to benchmark-relative performance while allocations to global and U.S. inflation-linked bonds detracted.

U.S. Treasury Inflation Protection Fund – I Series

Fund	December	QTD	YTD
U.S. Treasury Inflation Protection Fund – I Series	-1.15%	+1.95%	-12.76%
Barclays U.S. Inflation Linked Bond Index	-1.05%	+2.12%	-12.60%
Difference (percentage points)	-0.10	-0.17	-0.16

- The U.S. Treasury Inflation Protection Fund – I Series is a passively managed fund designed to closely match the performance of the fund's benchmark, less fees and expenses.

Balanced Fund

Multiple Asset Fund – I Series

Fund	December	QTD	YTD
Multiple Asset Fund – I Series (MAF-I)	-2.57%	+7.63%	-17.09%
MAF-I Benchmark ⁱⁱⁱ	-2.54%	+7.49%	-16.00%
Difference (percentage points)	-0.03	+0.14	-1.09

- During the month, the U.S. Equity Fund – I Series and Inflation Protection Fnd – I Series contributed positively to benchmark-relative performance, while the International Equity Fund – I Series and the Fixed Income Fund – I Series detracted.
- During the quarter, the International Equity Fund – I Series, Fixed Income Fund – I Series and Inflation Protection Fund – I Series contributed positively to benchmark-relative performance, while the U.S. Equity Fund – I Series detracted.
- For the year, the Fixed Income Fund – I Series and the Inflation Protection Fund – I Series contributed positively to benchmark-relative performance, while the U.S. Equity Fund – I Series and International Equity Fund – I Series detracted.

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- ⁱ Historical returns are not indicative of future performance. Fund returns are net of fees. Please refer to the [Investment Funds Description – I Series](#) for more information about the funds. This is not an offer to purchase securities.
- ⁱⁱ The benchmark for the Inflation Protection Fund – I Series is 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.
- ⁱⁱⁱ 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.
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