

July 2020 Investment Report

Highlights

- The S&P 500 closed 5.6% higher in July, its fourth consecutive monthly gain, as several large technology companies reported strong profits for the quarter. Global stocks also gained, led by emerging markets.
- Congress is negotiating a second stimulus package to assist those affected by the coronavirus pandemic. Some provisions from the first package, including a moratorium on evictions and enhanced unemployment benefits, expired at month-end.
- Federal Reserve (Fed) Chairman Jerome Powell confirmed the Fed will use all available tools, including continued low interest rates and bond purchases, to support the economy through this crisis.
- Demand for riskier fixed income securities continued in July with emerging market debt, high yield and investment-grade corporate bonds outperforming U.S. Treasury securities.
- U.S. economy adds 1.8M jobs in July and the unemployment rate decreases to 10.2%.
- MAF-I, USEF-I, IEF-I, FIF-I and IPF-I all outperformed their respective benchmarks in July.

Monthly Overview

Q2 GDP and Corporate Earnings Contraction

The Commerce Department reported that second quarter GDP fell at an annualized rate of 32.9%, the largest drop since 1947. The sharp decline reflected the response to COVID-19, namely non-essential business closures in March and April. Lower spending on services such as healthcare, food and entertainment contributed to an unprecedented 22.9% decline in overall consumer spending. In addition to the sharp decline in economic activity, Wall Street analysts estimate that quarterly corporate earnings will decrease 32%. The sectors most severely affected include energy, consumer discretionary and industrials.

Equity Market Performance

The S&P 500 returned 5.6% during the month of July, helped by strong earnings from large technology companies such as Amazon, Apple, and Facebook. These companies have benefitted from consumer activity resulting from recent stay-at-home orders. Investors also continue to focus on the positives of monetary and fiscal policy support. Global equity markets finished stronger during the month of July. Emerging market stocks gained 9.0%, due in part to both currency gains against the U.S. dollar as well as strong Chinese equity markets.

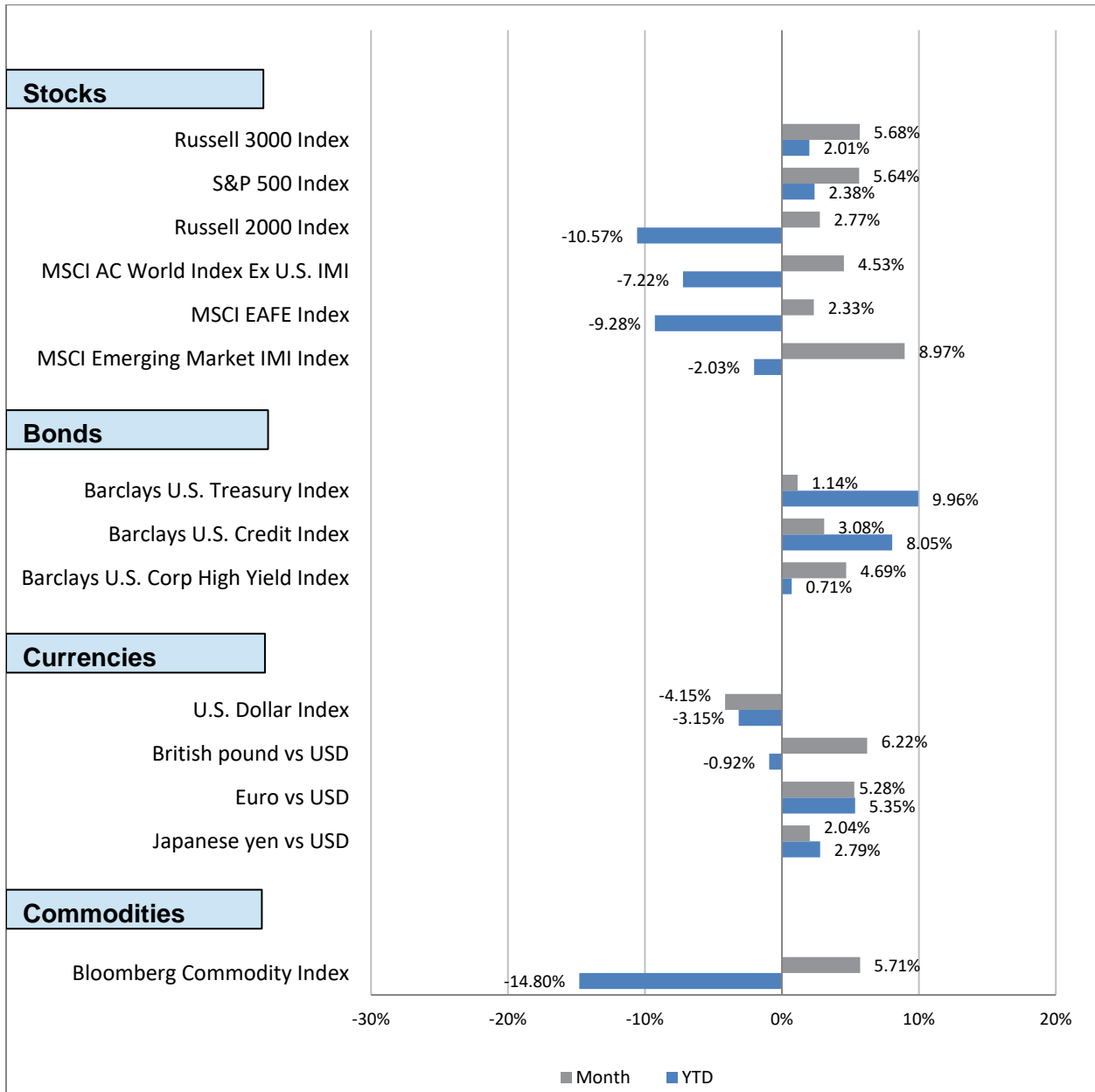
COVID-19 Resurgence

Global coronavirus infections reached 17 million, while the death toll reached 600,000. The U.S. leads the world in both counts, with just over 4.4 million infections and 150,000 deaths. During the month, cases spiked in several of the sunbelt states including Arizona, California, Florida, and Texas. As the virus continues to surge, several states are either rolling back or delaying the opening of non-essential businesses.

Historic Stimulus Package

European leaders reached agreement on a groundbreaking stimulus package in the amount of €750 billion (\$862 billion). The package includes €390 billion to be delivered in the form of grants and €360 billion in loans. The agreement is historic as it is the first time the European Union committed to borrow funds and issue bonds with maturities ranging from three to 30 years. The funds will allow southern countries severely affected by the coronavirus, such as Italy, Spain and Greece, to increase government spending.

Market Performance



Source: FactSet, as of July 31, 2020

Key Monthly Economic Statistics

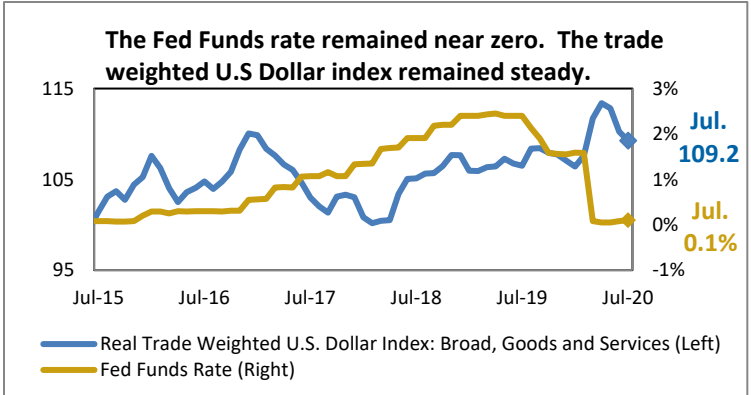
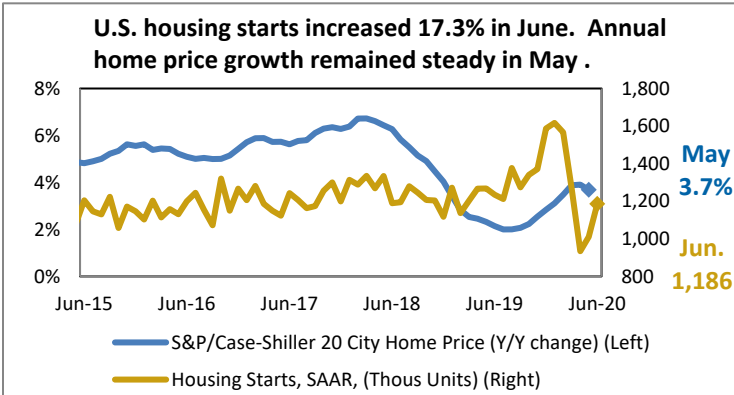
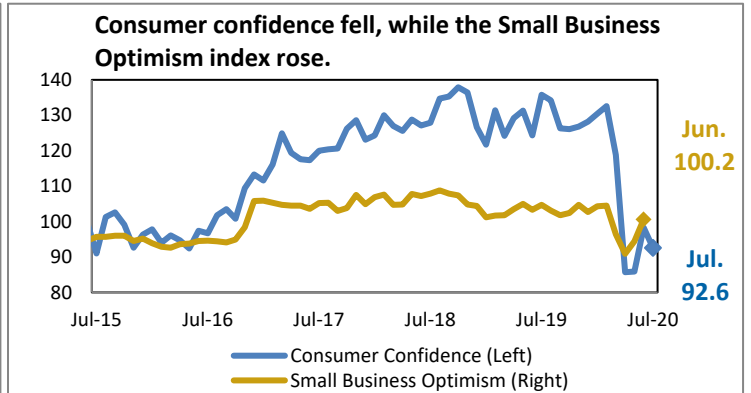
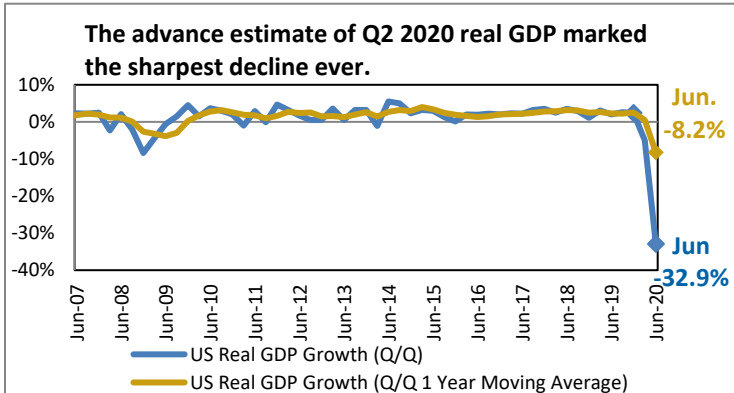
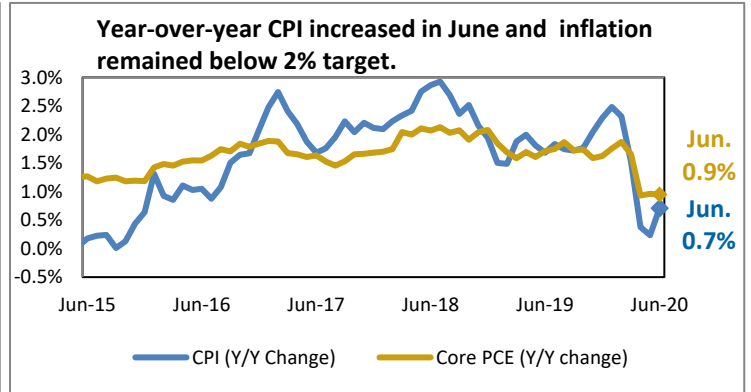
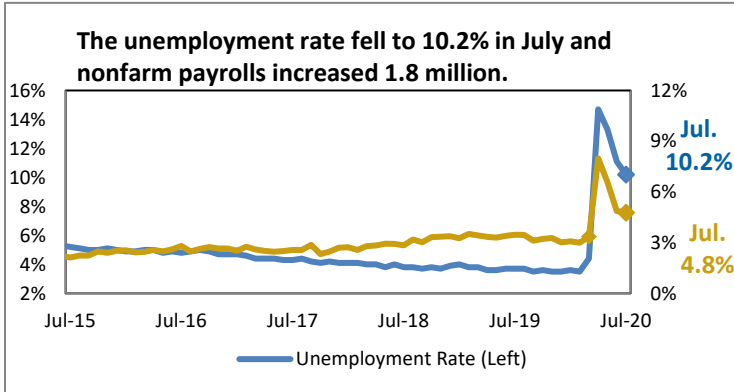
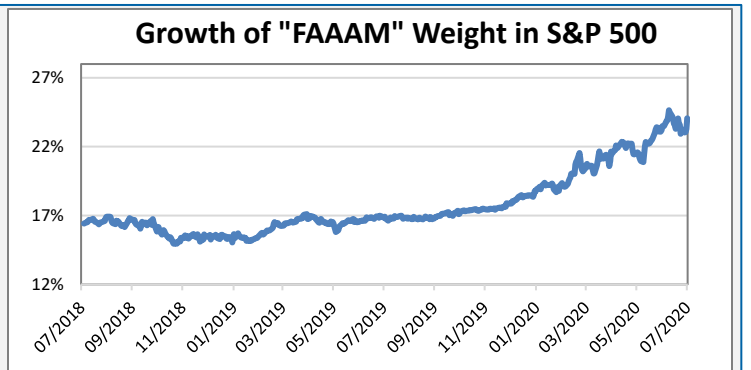


Chart of Month

- Technology companies Facebook, Amazon, Apple, Alphabet and Microsoft ("FAAAM") comprise 24% of the S&P 500 as measured by market capitalization.
- Each company reported strong earnings during the quarter as consumers seek access to technology products for online shopping and communication.
- The CEO's of Facebook, Amazon, Apple and Alphabet were questioned on their growing market power and competitive behavior by a congressional antitrust subcommittee.



Source: FactSet ; U.S Bureau of Labor Statistics; The Conference Board; Federal Reserve Bank of St. Louis

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

Equity Funds

U.S. Equity Fund—I Series

Fund	July	YTD
U.S. Equity Fund – I Series	+5.70%	+3.83%
Russell 3000 Index	+5.68%	+2.01%
Difference (percentage points)	+0.02	+1.82

- During the month, the fund benefited from investments in a number of higher growth areas of the market, including electric vehicles, tele-medicine and e-commerce. However, the fund's overweight allocation to small- and mid-cap company stocks, and corresponding underweight to large-cap companies, along with alternative investments, detracted from benchmark-relative performance.
- Year-to-date, the fund outperformed the benchmark due largely to growth-oriented active managers with exposure to numerous e-commerce businesses better positioned to succeed through the pandemic. Underweight allocations to poor performing value-oriented companies and poor-performing stocks excluded in compliance with WII's Exclusions policy also benefitted benchmark-relative performance (described [here](#)). Alternative investments detracted from relative performance.

International Equity Fund—I Series

Fund	July	YTD
International Equity Fund – I Series	+6.04%	-1.56%
MSCI ACWI ex U.S. Investable Market Index (Net)	+4.53%	-7.22%
Difference (percentage points)	+1.51	+5.66

During the month and year-to-date, the fund benefited most from the majority of active managers outperforming their respective benchmarks—in particular, a growth-oriented manager focused in developed markets and two managers investing to take advantage of the transition to a lower carbon economy. The fund also benefited from an overweight allocation to China, as the country is further along in restarting its economy after dealing with the global pandemic. Stocks excluded from the fund in compliance with WII's Exclusions policy also benefitted benchmark-relative performance.

U.S. Equity Index Fund—I Series

Fund	July	YTD
U.S. Equity Index Fund – I Series	+5.67%	+1.98%
Russell 3000 Index	+5.68%	+2.01%
Difference (percentage points)	-0.01	-0.03

- 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.

Fixed Income Funds**Fixed Income Fund—I Series**

Fund	July	YTD
Fixed Income Fund – I Series	+2.48%	+5.93%
Barclays U.S. Universal (ex MBS) Index	+2.21%	+8.00%
Difference (percentage points)	+0.27	-2.07

- The fund outperformed its benchmark during the month due to allocations to corporate credit and emerging-market debt. Asset managers' sector and security selection also added to benchmark-relative performance. Allocations to multi-family housing through high-quality U.S. agency commercial mortgage-backed securities and Wespath's Positive Social Purpose lending program detracted from benchmark-relative performance.
- Year to date, overweight allocations to emerging-market debt and corporate bonds detracted from benchmark-relative performance.

Inflation Protection Fund—I Series

Fund	July	YTD
Inflation Protection Fund – I Series	+2.91%	+1.93%
IPF Benchmark ⁱⁱ	+2.51%	+4.31%
Difference (percentage points)	+0.40	-2.38

- The fund's overweight exposure to U.S. inflation-linked securities and related underweight exposure to U.K. inflation-linked securities contributed to benchmark-relative performance during the month but detracted for the year-to-date period.
- The commodities and emerging market inflation-linked managers' active management decisions added to relative performance for the month but detracted year to date.

U.S. Treasury Inflation Protection Fund–I Series

Fund	July	YTD
U.S. Treasury Inflation Protection Fund – I Series	+2.52%	+8.71%
Barclays U.S. Inflation Linked Bond Index	+2.53%	+9.06%
Difference (percentage points)	-0.01	-0.35

- The U.S. Treasury Inflation Protection Fund–I Series is a passively managed fund designed so that it closely matches the performance of the fund benchmark, less fees and expenses.

Short Term Investment Fund–I Series

Fund	July	YTD
Short Term Investment Fund-I Series	0.00%	+0.53%
BofA Merrill Lynch 3-Month Treasury Bill Index	+0.02%	+0.62%
Difference (percentage points)	-0.02	-0.09

- The Short Term Investment Fund–I Series holds cash, cash equivalents and short-term securities with the objective of preserving capital while earning current income higher than that of money market funds.

Balanced Fund**Multiple Asset Fund–I Series**

Fund	July	YTD
Multiple Asset Fund – I Series	+4.70%	+3.33%
MAF Benchmark ⁱⁱⁱ	+4.15%	+1.21%
Difference (percentage points)	+0.55	+2.12

- During the month, the U.S. Equity Fund–I Series, International Equity Fund–I Series, Fixed Income Fund–I Series and Inflation Protection Fund–I Series all contributed positively to benchmark-relative performance.
- Year to date, the International Equity Fund-I Series, and U.S. Equity Fund-I Series positively contributed to benchmark-relative performance, while the Fixed Income Fund-I Series and Inflation Protection Fund-I Series detracted from relative performance.

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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 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 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% Inflation Protection Fund (IPF) Benchmark.
- ^{iv} The benchmark for the Social Values Choice Equity Fund is the MSCI World Environmental, Social and Governance (ESG) ex Fossil Fuels Index.
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