

## June 2021 Investment Report

### Highlights

- The S&P 500 and NASDAQ increased 2.3% and 5.6%, respectively, reaching record levels during the month.
- Inflation, as measured by the Personal Consumption Expenditure (PCE) Price Index, reached 3.9% year-over-year in May. The Core PCE Price Index, which excludes volatile food and energy prices, rose 3.4%. Similarly, the Consumer Price Index (CPI) increased 5% year over year in May, its largest increase since August 2008.
- Yields of longer-dated U.S. Treasury securities decreased during the month as Federal Reserve officials indicated the central bank may increase short-term interest rates sooner than previously projected.
- The U.S. economy added 850,000 non-farm jobs in June, while the unemployment rate rose slightly to 5.9%.
- USEF-I, IEF-I, IPF-I and MAF-I outperformed their respective benchmarks in June, while FIF-I underperformed its benchmark.

### Monthly Overview

#### Economic Recovery Continues

The U.S. economic recovery continued in June, supported by effective vaccine rollout, as well as monetary and fiscal policy. The American economy added a robust 850,000 non-farm jobs in June, according to the U.S. Bureau of Labor Statistics, and many economic indicators are above or near pre-pandemic levels. Market participants are now pondering when support from the Federal Reserve (Fed) will “taper.” Some Fed officials have hinted that they are open to a “go slow” approach to tapering. As a result, many expect the Fed Funds Rate to stay near zero and the monthly open market purchasing of \$120 billion in securities to continue for some time. Meanwhile, conversations in Congress regarding an infrastructure bill could provide additional economic support.

The S&P 500 increased 2.3% in June and 15.3% during the first half of the year. The Bloomberg Barclays Treasury Index increased 0.6%, and the Bloomberg Barclays Credit Index increased 1.5% as corporate bond credit spreads decreased.

#### Vaccine Progress and Delta Variant of COVID-19

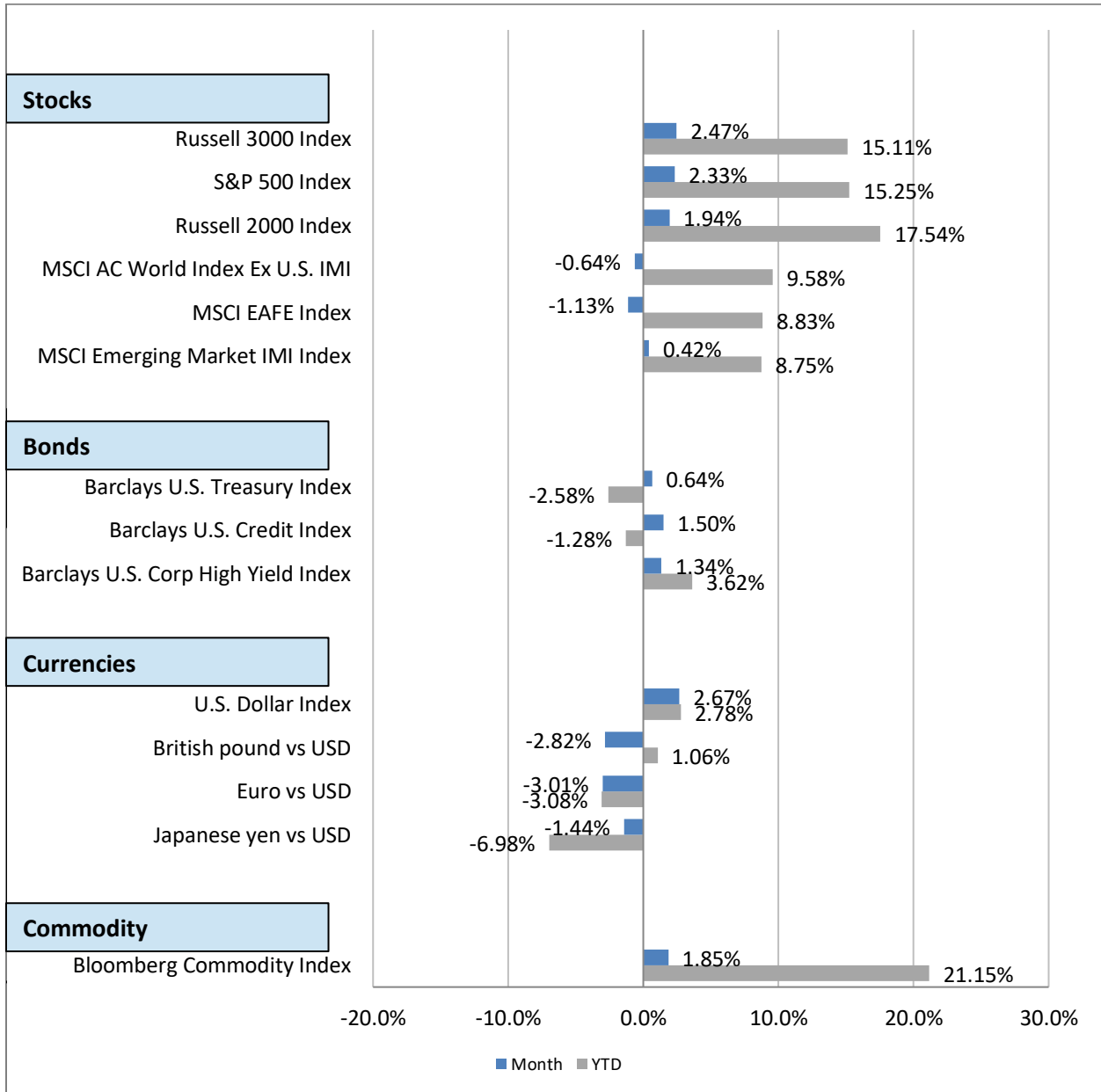
According to John Hopkins University, there have been nearly 4 million COVID-19-related deaths on more than 182 million confirmed cases globally. In the United States, those figures reached 33.5 million confirmed cases and over 605,000 deaths. More than 3 billion vaccines doses have been administered around the world. Over half of all Americans aged 18 and older have been fully vaccinated against COVID-19. However, areas with low vaccination rates are still experiencing high case counts. Several new variants have appeared, including the much-discussed Delta variant. The Delta variant appears to spread faster, though its health consequences are uncertain for now.

#### Home Prices

Home values climbed almost 15% in the last 12 months, the biggest increase since 1988, according to the S&P CoreLogic Case-Shiller Index of property values. As part of its securities purchasing activity, the Fed is buying about \$40 billion of mortgage-backed securities per month, which is keeping mortgage interest rates low. Freddie Mac 30-year fixed-rate mortgages ended June at 3.0%. Home prices have also been supported by a lack of home inventory.

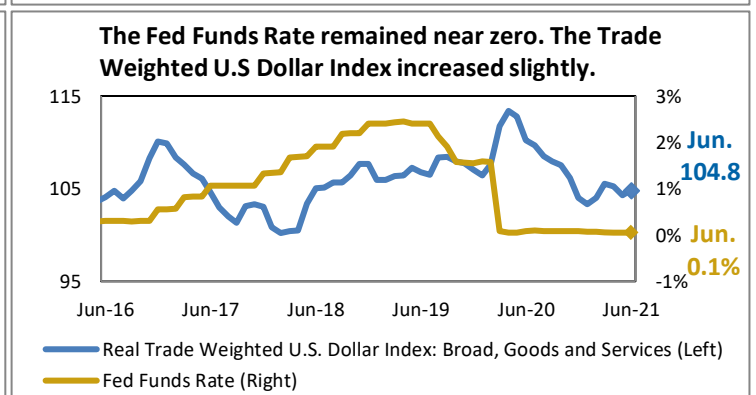
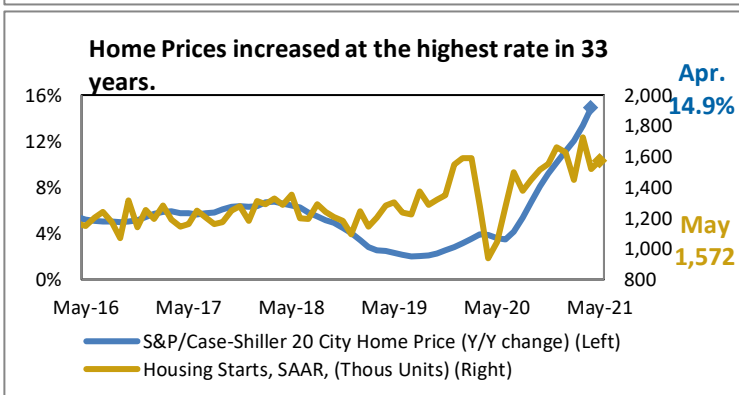
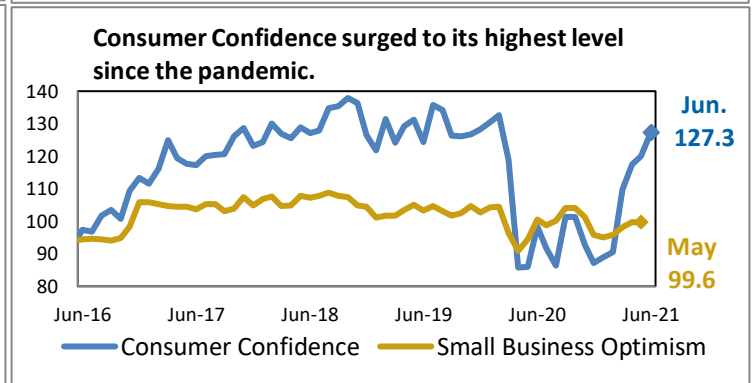
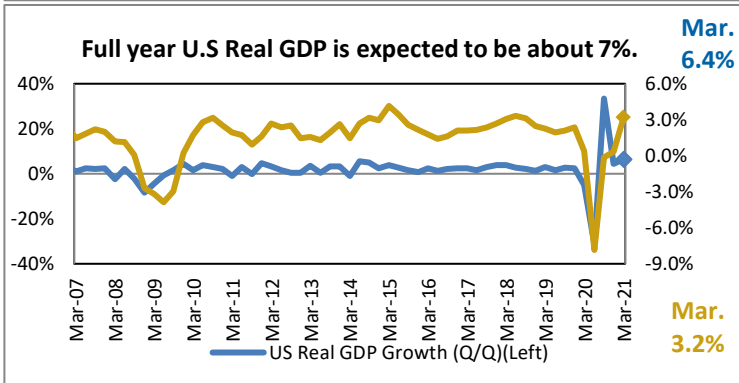
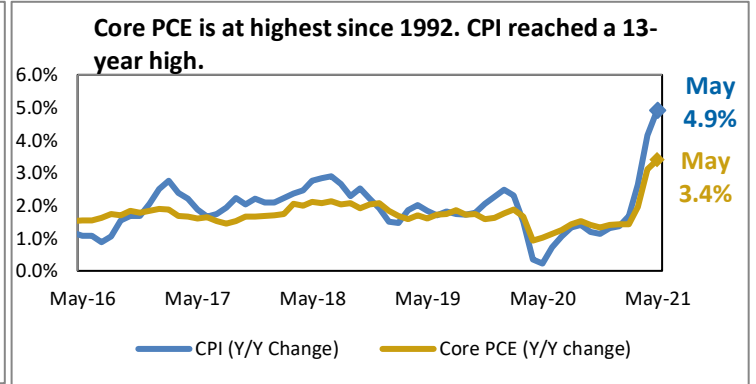
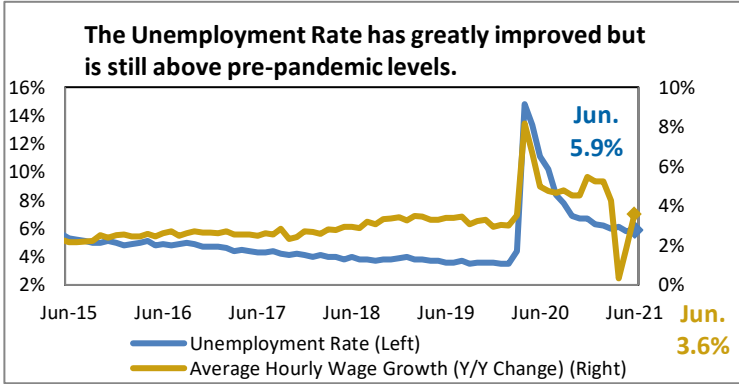
Sources: Reuters, The Wall Street Journal, Bloomberg, Goldman Sachs, John Hopkins University, US Census, National Association of Realtors, FactSet, FDA, CDC, Ceres, S&P CoreLogic Case-Shiller, PIMCO.

## Market Performance



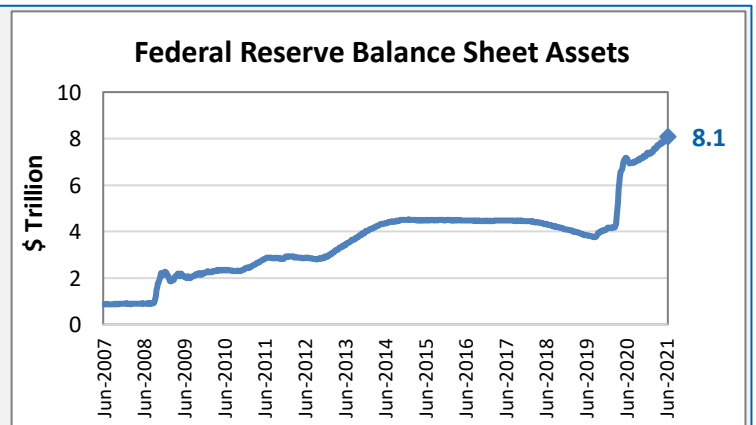
Source: FactSet, as of June 30, 2021

## Key Monthly Economic Statistics



### Chart of the Month

- The Federal Reserve has supported employment, economic growth and markets in many ways. One example is quantitative easing (QE) or buying assets like bonds in the open market.
- “Taper” refers to the Fed reducing the scope of its purchases or even starting to sell its holdings.
- The Fed’s balance sheet is at its highest level in history. The central bank is currently buying \$120 billion of assets every month.



Source: FactSet; U.S Bureau of Labor Statistics; The Conference Board; Federal Reserve Bank of St. Louis; Bureau of Economic Analysis; National Association of Realtors;

## Investment Fund Review (Net-of-Fees Performance)<sup>i</sup>

### Equity Funds

#### U.S. Equity Fund – I Series

Fund	June	QTD	YTD
U.S. Equity Fund – I Series	+2.22%	+6.07%	+12.55%
Russell 3000 Index	+2.47%	+8.24%	+15.11%
Difference (percentage points)	-0.25	-2.17	-2.56

- During the month of June, the fund underperformed its benchmark mainly due to an underweight to strong performing large-cap growth companies. Quarter to date, the fund's underweight to large-cap growth companies also detracted from benchmark-relative performance, along with investments held by an active mid-cap growth manager. Specifically, investments in several consumer discretionary and technology companies within the mid-cap growth segment of the market detracted from performance.
- Year to date, the fund underperformed the benchmark as a result of an overweight to underperforming small- and mid-cap growth companies, dedicated investments in private real estate, and investments held by an all-cap growth manager and small-cap growth manager.

#### International Equity Fund – I Series

Fund	June	QTD	YTD
International Equity Fund – I Series	-0.05%	+5.65%	+8.10%
MSCI ACWI ex U.S. Investable Market Index (Net)	-0.64%	+5.60%	+9.58%
Difference (percentage points)	+0.59	+0.05	-1.48

- During the month, the fund outperformed the benchmark as a result of an underweight to developed markets and corresponding dedicated investments in private equity and private real estate, as well as strong performance by two growth-oriented managers.
- Quarter to date, the fund modestly outperformed the benchmark as a result of an underweight to developed markets and corresponding dedicated investments in private equity. Year to date, the fund underperformed the benchmark primarily due to poor performance by a number of active growth-oriented managers and from not holding stocks excluded in accordance with WII's Exclusions Policy (described [here](#)).

**U.S. Equity Index Fund – I Series**

Fund	June	QTD	YTD
U.S. Equity Index Fund – I Series	+2.51%	+8.27%	+15.09%
Russell 3000 Index	+2.47%	+8.24%	+15.11%
Difference (percentage points)	+0.04	+0.03	-0.02

- The U.S. Equity Index Fund – I Series is a passively managed fund designed to closely match the fund benchmark, less fees and expenses.

**Fixed Income Funds****Fixed Income Fund – I Series**

Fund	June	QTD	YTD
Fixed Income Fund – I Series	+0.78%	+2.49%	-0.91%
Barclays U.S. Universal (ex MBS) Index	+0.95%	+2.44%	-1.25%
Difference (percentage points)	-0.17	+0.05	+0.34

- Emerging market and global debt detracted from benchmark-relative performance in June. Corporate debt—both high-yield and investment-grade rated—and manager selection added to relative performance. During the second quarter, global debt detracted from benchmark-relative performance, while high-yield and investment-grade rated corporate bonds, emerging market bonds, and manager selection added.
- For the year, high yield rated corporate debt, and manager selection contributed to benchmark-relative performance, while the allocation to emerging market and global bonds detracted. The fund is moderately less sensitive to changes in interest rates than its benchmark, which negatively impacted benchmark-relative performance during June and Q2, but added to relative performance for the year.

### Inflation Protection Fund – I Series

Fund	June	QTD	YTD
Inflation Protection Fund – I Series	+0.85%	+3.88%	+3.25%
IPF-I Benchmark <sup>ii</sup>	+0.50%	+4.12%	+2.13%
Difference (percentage points)	+0.35	-0.24	+1.12

- Commodities, U.S. inflation-linked bonds and manager security selection decisions added to benchmark-relative performance in June. Floating-rate senior loans and emerging market inflation-linked securities detracted. During the second quarter, U.S. and global inflation-linked bonds, as well as floating-rate senior loans, detracted from benchmark-relative performance, while commodities and emerging market inflation linked-bonds added.
- For the year, commodities and floating-rate senior loans positively affected benchmark-relative performance, while allocations to U.S., global and emerging market inflation-linked bonds detracted. The fund's underweight exposure to U.K. inflation-linked securities added to benchmark-relative performance for all periods.

### U.S. Treasury Inflation Protection Fund – I Series

Fund	June	QTD	YTD
U.S. Treasury Inflation Protection Fund – I Series	+0.77%	+3.42%	+1.53%
Barclays U.S. Inflation Linked Bond Index	+0.70%	+3.46%	+1.57%
Difference (percentage points)	+0.07	-0.04	-0.04

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

## Balanced Fund

### Multiple Asset Fund – I Series

Fund	June	QTD	YTD
Multiple Asset Fund – I Series	+1.04%	+4.80%	+6.91%
MAF-I Benchmark <sup>iii</sup>	+0.96%	+5.59%	+7.93%
Difference (percentage points)	+0.08	-0.79	-1.02

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

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<sup>i</sup> 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.

<sup>ii</sup> 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.

<sup>iii</sup> 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.