

May 2021 Investment Report

Highlights

- The S&P 500 increased 0.7% during the month, while the tech-heavy NASDAQ decreased 1.4% as two of its largest positions in Apple and Amazon declined 5.1% and 7.1%, respectively.
- The median U.S. home price hit a record high of \$341,600 and recorded the largest one-year price gain in its history. Record prices and limited inventory resulted in existing home sales falling 2.7% in April from March.
- U.S. weekly jobless claims reported at the end of the month declined to 385,000, a new pandemic low.
- The U.S. economy added 559,000 non-farm jobs in May, and the unemployment rate declined to 5.8%.
- FIF-I outperformed its benchmark, while USEF-I, IEF-I, IPF-I and MAF-I underperformed their respective benchmarks.

Monthly Overview

Vaccine Progress

More than half of all Americans ages 18 and older are now fully vaccinated against COVID-19. The FDA approved the use of the Pfizer vaccine for adolescents ages 12- to 15-years old. Meanwhile, the CDC reported that fully vaccinated people may stop wearing face masks and end physical distancing in many settings.

Europe has also seen a dramatic rise in vaccinations after a slow start. Due to an increase in vaccine shipments during the quarter, nearly one-third of European adults received at least one shot of the vaccine, twice the level a month ago. During the month, Pfizer announced a commitment to ship up to 1.8 billion doses to the European Commission.

Economic Recovery Continues to Gain Momentum

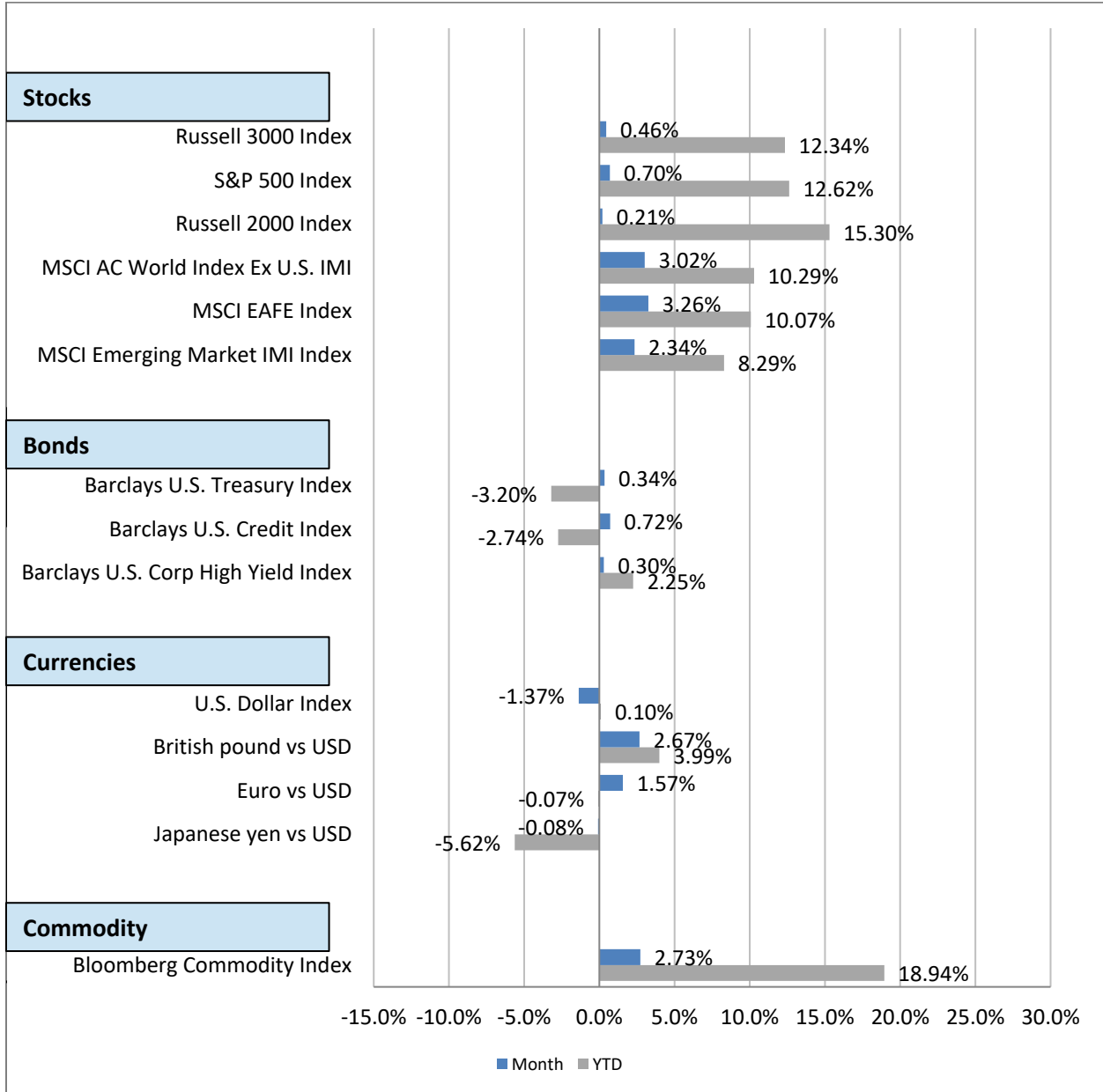
During the month, pro-cyclical companies in the energy, materials and financials sectors led all other sectors. Fixed income saw positive returns as U.S. Treasury yields diminished. The consumer price index (CPI) rose 4.2% during the trailing 12-month period, the largest increase since 2008. As the U.S. economic recovery continues to accelerate, U.S. companies have authorized over \$500 billion of share repurchases, the highest level at this point of the year in the past 22 years. AT&T announced a \$43 billion deal to spin-off WarnerMedia and merge it with Discovery, Inc. Separately, Amazon said it plans to buy MGM, the media company, for \$6.5 billion (excluding debt). In Europe, faster vaccination rollout has led to an easing of COVID-related restrictions, boosting both business and consumer confidence. International equities returned 3.0%, led by appreciating currencies vs. the U.S. dollar. The euro, British pound and Chinese yuan increased 1.6%, 2.7% and 1.7% relative to the U.S. dollar, respectively.

Landmark Climate Change Decisions

In a watershed decision, a Dutch court ruled that Royal Dutch Shell is partially responsible for climate change and ordered the company to cut carbon emissions by 45% by 2030, compared to 2019 levels. Observers believe the ruling could set a precedent that puts pressure on other oil companies. Separately, an activist investor led a successful proxy fight at Exxon to win multiple board seats after questioning the company's climate strategy. The activist effort found at least partial support from major investors including Blackrock, State Street, CalSTRS and NY State. Finally, a shareholder proposal at Chevron related to setting Scope 3 emissions reduction targets also received a majority vote.

Sources: Reuters, The Wall Street Journal, Bloomberg, Goldman Sachs, National Association of Realtors, FactSet, FDA, CDC, Ceres.

Market Performance



Source: FactSet, as of May 31, 2021

Key Monthly Economic Statistics

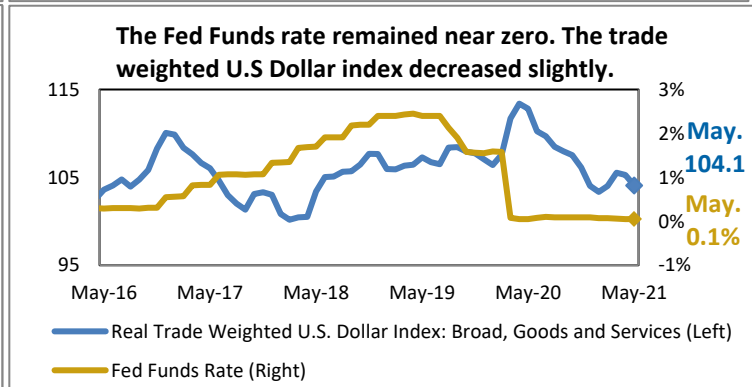
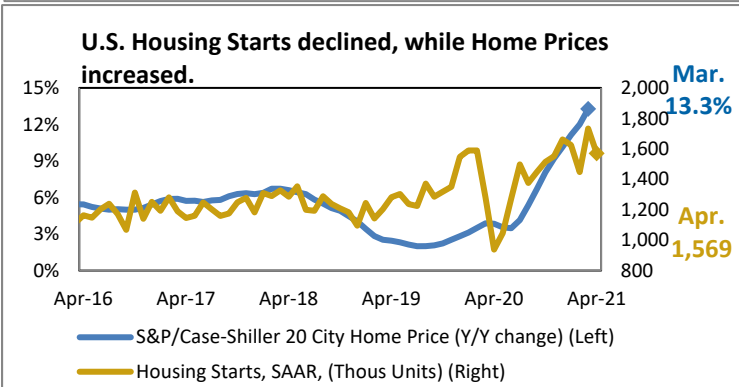
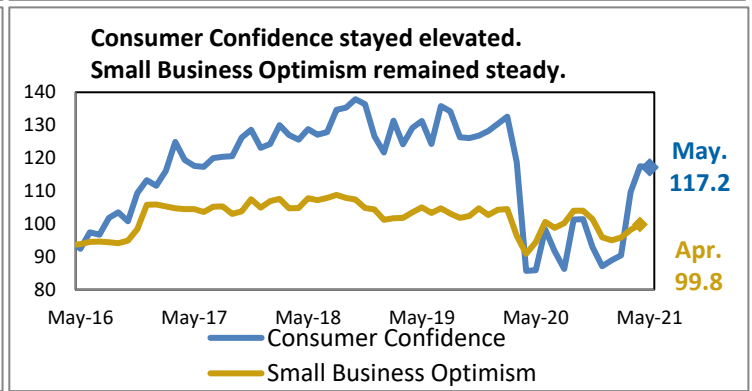
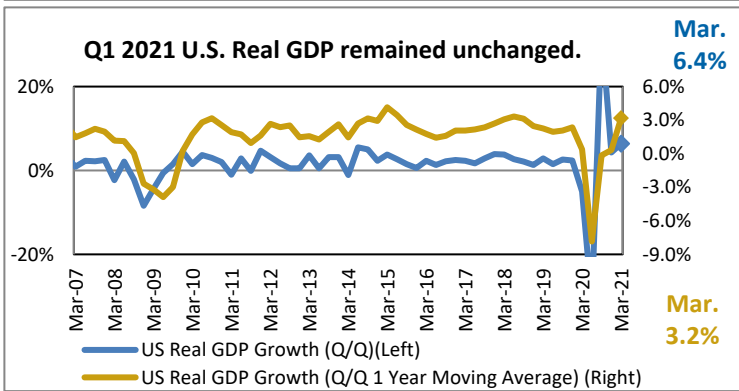
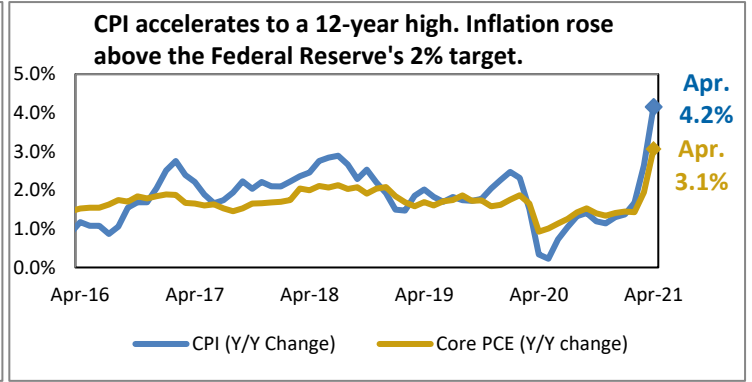
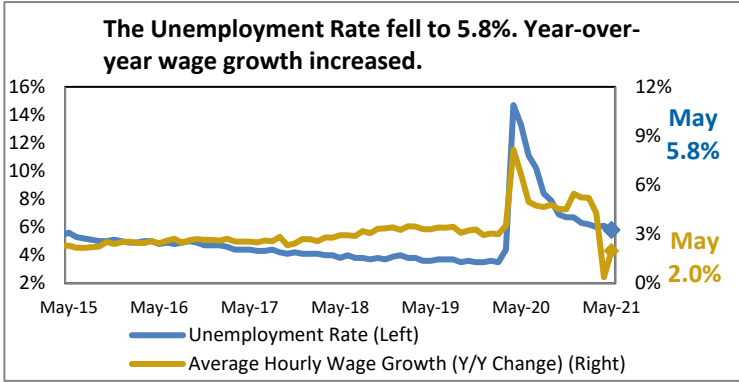
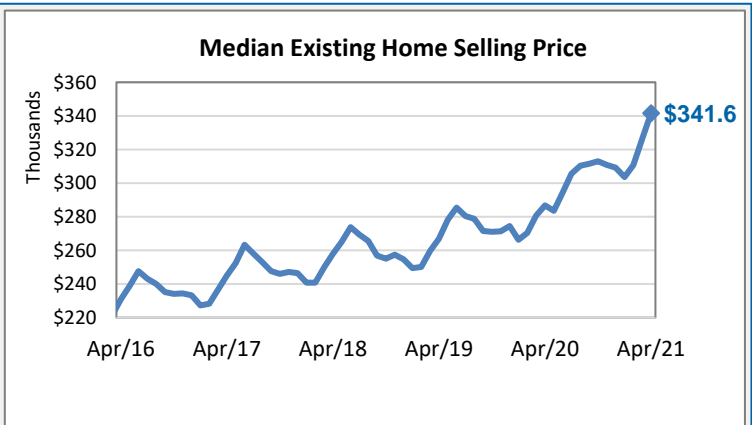


Chart of the Month

- U.S. median home prices continued to climb during the month and reached a new record of \$341,600, according to the National Association of Realtors.
- Prices are up over 26% since February of 2020, just before the pandemic meaningfully impacted the U.S. economy.
- Record prices and a lack of inventory have resulted in a slowing pace of existing home sales.



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; ISM

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

Equity Funds

U.S. Equity Fund – I Series

Fund	May	YTD
U.S. Equity Fund–I Series	-0.18%	+10.11%
Russell 3000 Index	+0.46%	+12.34%
Difference (percentage points)	-0.64	-2.23

- During the month, the fund underperformed its benchmark due to underperforming growth-oriented active managers and an overweight to poor performing small- and mid-cap growth stocks. Stocks excluded in compliance with Wespath's Exclusions policy (described [here](#)) also detracted from relative performance.
- Year to date, the fund underperformed as the majority of active managers trailed their respective benchmarks, a strategic overweight allocation to poor performing small- and mid-cap growth stocks and holdings in alternative investments. Stocks excluded in compliance with Wespath's Exclusions policy (described [here](#)) also detracted from relative performance. The fund benefited from an underweight to large-cap growth stocks which underperformed due to the continued re-opening of the economy and rotation to more pro-cyclical areas of the market.

International Equity Fund – I Series

Fund	May	YTD
International Equity Fund–I Series	+2.33%	+8.16%
MSCI ACWI ex U.S. Investable Market Index (Net)	+3.02%	+10.29%
Difference (percentage points)	-0.69	-2.13

- During the month, the fund underperformed the benchmark mainly due to the poor performance by a growth-oriented active manager. Specifically, a number of retail e-commerce holdings were key detractors to relative performance. Investments in stocks excluded in accordance with Wespath's Exclusions Policy (described [here](#)), detracted from relative performance.
- Year to date, the fund underperformed its benchmark mainly due to active managers' investments in software companies in developed markets, and poor performing holdings in China. Investments in private real estate and private equity, along with stocks excluded in accordance with Wespath's Exclusions Policy (described [here](#)), detracted from relative performance.

U.S. Equity Index Fund – I Series

Fund	May	YTD
U.S. Equity Index Fund–I Series	+0.41%	+12.27%
Russell 3000 Index	+0.46%	+12.34%
Difference (percentage points)	-0.05	-0.07

- The U.S. Equity Index Fund 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	May	YTD
Fixed Income Fund–I Series	+0.61%	-1.67%
Barclays U.S. Universal (ex MBS) Index	+0.54%	-2.19%
Difference (percentage points)	+0.07	+0.52

- Emerging market debt added to benchmark-relative performance in May while high yield rated corporate bonds detracted.
- For the year to date, manager security selection in core strategies and allocations to high yield and investment grade rated corporate bonds contributed positively to benchmark-relative performance, while the allocation to emerging market bonds detracted. The fund is moderately less sensitive to changes in interest rates than its benchmark, which negatively impacted benchmark-relative performance during May but added for the year to date.

Inflation Protection Fund – I Series

Fund	May	YTD
Inflation Protection Fund–I Series	+1.24%	+2.38%
IPF-I Benchmark ⁱⁱ	+1.85%	+1.63%
Difference (percentage points)	-0.61	+0.75

- The fund's underweight exposure to U.K. inflation-linked securities detracted from benchmark-relative performance for the month but contributed positively year to date.
- The allocation to senior loans detracted from benchmark-relative performance for the month but contributed positively year to date.

U.S. Treasury Inflation Protection Fund – I Series

Fund	May	YTD
U.S. Treasury Inflation Protection Fund–I Series	+1.12%	+0.75%
Barclays U.S. Inflation Linked Bond Index	+1.23%	+0.86%
Difference (percentage points)	-0.11	-0.11

- 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	May	YTD
Multiple Asset Fund–I Series	+0.90%	+5.81%
MAF-I Benchmark ⁱⁱⁱ	+1.39%	+6.91%
Difference (percentage points)	-0.49	-1.10

- 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, but 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 benchmark-relative performance, while the Fixed Income Fund-I Series and Inflation Protection Fund-I Series positively contributed to 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 – 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.
