

November 2019 Investment Report

Highlights

- Several Federal Reserve (Fed) officials emphasized that the current monetary policy is positioned to support its dual mandate of price stability and full employment, implying no impending policy changes.
- U.S.-China negotiations toward a “phase one” trade deal continued during the month, with a U.S. focus on intellectual property protections, financial services access and agricultural products sales.
- The Conference Board’s Consumer Confidence Index declined slightly but remained elevated. This could signal the potential for robust consumer spending during the important holiday shopping season.
- In November, MAF-I, USEF-I, IEF-I and IPF-I outperformed their respective benchmarks, while Fixed Income Fund-I underperformed its benchmark.

Monthly Overview

U.S. stock markets reached record highs, supported by the Fed and trade optimism

The S&P500, Nasdaq Composite and Dow Jones Industrial Average reached all-time highs during the month. Better than expected U.S. economic data, alongside the Fed’s renewed balance sheet expansion and optimism on the U.S.-China talks, supported markets. The second estimate of third quarter U.S. GDP growth increased to 2.1% from the 1.9% preliminary estimate. Durable goods orders in October increased by 0.6% vs. expectations of -0.5% and a downwardly revised reading of -1.4% in September.

U.S. yield curve no longer inverted

The 10 year and 30 year U.S. Treasury yields ended November at 1.78% and 2.20%, respectively, moderately exceeding the yields on shorter-term Treasury securities. The return to an upward sloping yield curve, following its recent inversion, reflected improved market sentiment supported by three Fed rate cuts and increased purchases of U.S. Treasury securities.

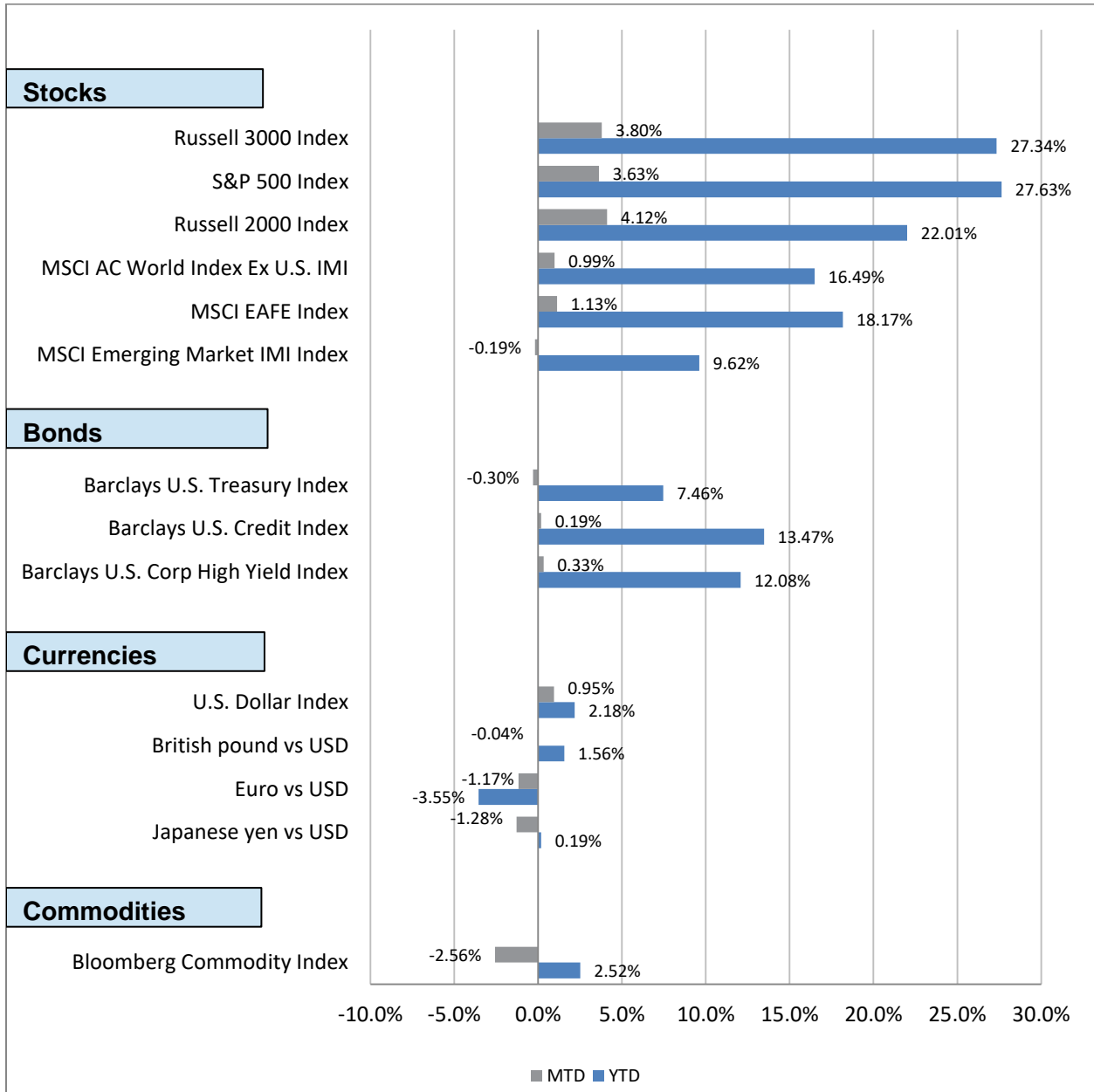
Modestly improving global manufacturing activity

The IHS Markit U.S. Manufacturing Purchasing Managers’ Index (PMI) reached a 7-month high of 52.6, lifted by expansion in production and new orders. However, a similar survey conducted by the Institute of Supply Management produced an opposite result and signaled contraction. The Caixin China Manufacturing PMI rose to 51.8 and was helped by new export orders, while the IHS Markit Eurozone Manufacturing PMI posted a 3-month high of 46.9 but remained in contractionary territory.

Hong Kong in recession

Hong Kong pro-democracy candidates overwhelmingly won local elections as the local economy slowed amid protests for democratic reform. Hong Kong’s third-quarter GDP decreased 3.2% compared to the second quarter, marking the second quarterly decline in output. President Trump signed The Hong Kong Human Rights and Democracy Act of 2019 to support the protestors, complicating the U.S.-China trade negotiations.

Source: FactSet; WSJ, IHS Markit, CNBC



Source: FactSet, as of November 30, 2019

Key Monthly Economic Statistics

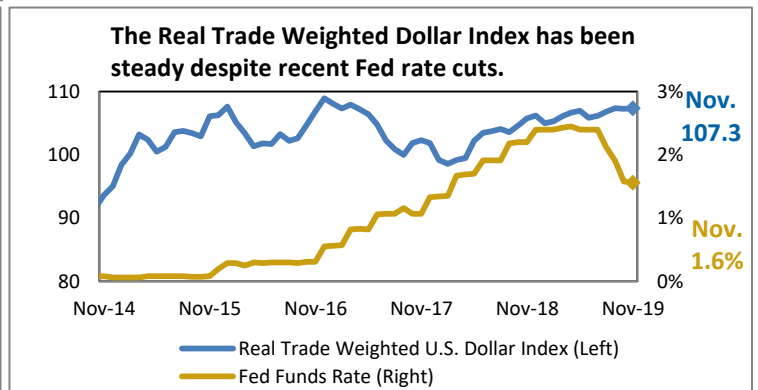
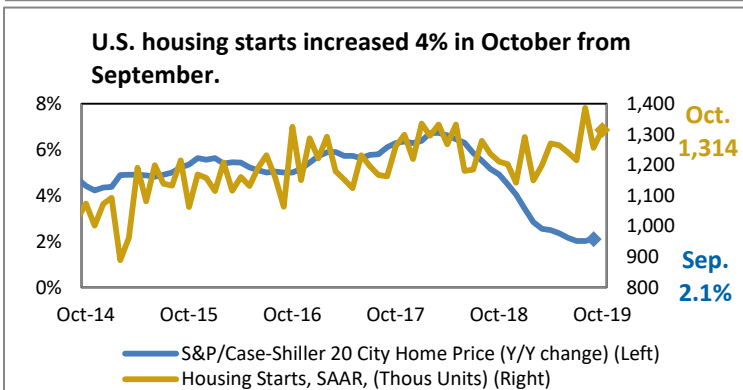
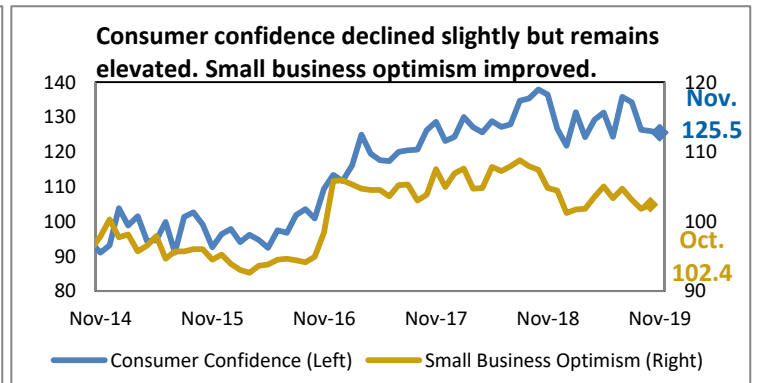
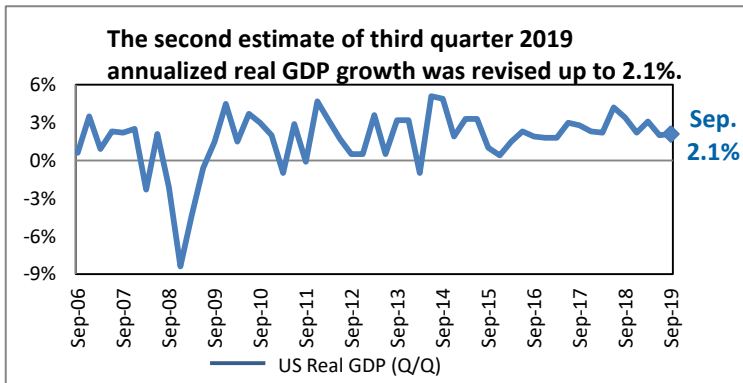
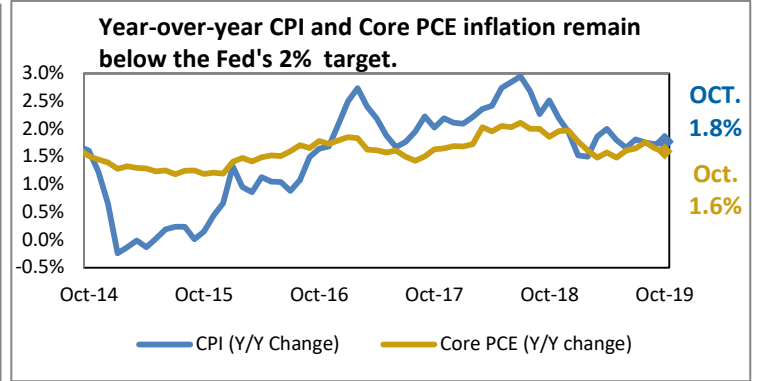
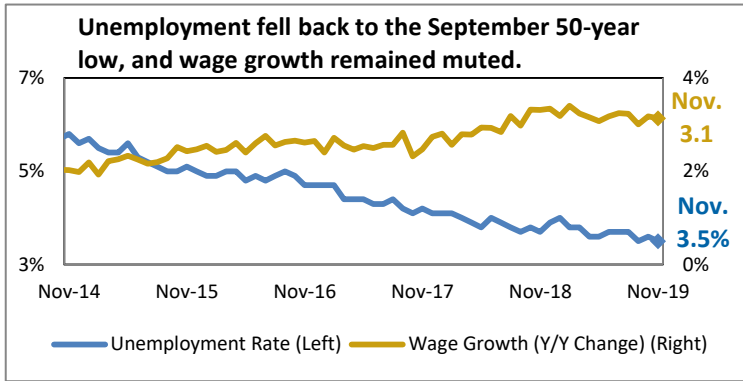
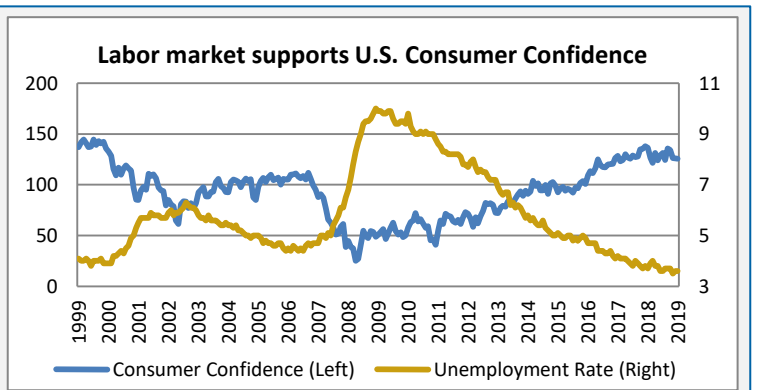


Chart of Month

- The Conference Board's Consumer Confidence Index remains elevated, supported by a strong labor market.
- Nonfarm payrolls rose by 266K in November, above consensus forecasts, and the previous month's data was revised up. U.S. unemployment fell back to the September 50-year low of 3.5% in November.
- Resilient consumer spending, which accounts for approximately two-thirds of the U.S. economy, has supported economic growth during 2019, even as business spending moderated.



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

Equity Funds

U.S. Equity Fund–I Series

Fund	November	YTD
U.S. Equity Fund–I Series	+4.36%	+27.08%
Russell 3000 Index	+3.80%	+27.34%
Difference (percentage points)	+0.56	-0.26

- During the month, the fund's overweight allocation to strong performing small-cap growth-oriented company stocks, along with the majority of active managers outperforming their respective benchmarks, contributed to positive benchmark-relative performance.
- Year to date, the fund's strategic overweight to small- and mid-sized company stocks and corresponding underweight to large-company stocks, along with investments in the alternative strategies of private equity and private real estate, detracted from benchmark-relative performance. However, the fund benefited from the majority of active managers outperforming their respective benchmarks.

International Equity Fund–I Series

Fund	November	YTD
International Equity Fund–I Series	+1.83%	+19.78%
MSCI ACWI ex U.S. Investable Market Index (Net)	+0.99%	+16.49%
Difference (percentage points)	+0.84	+3.29

- During the month, the fund benefited most from outperformance by the majority of active managers versus their respective benchmarks and the fund's fair market valuation policy (described [here](#)). The strategic overweight to emerging market equities and corresponding underweight to developed economies, investments in private equity and private real estate, and stocks excluded in compliance with WII's Exclusions policy (described [here](#)) negatively impacted relative performance.
- Year to date, the fund benefited most from the majority of active managers outperforming their respective benchmarks. The strategic overweight to emerging market equities and corresponding underweight to stocks from developed economies, as well as investments in private equity and private real estate, detracted from relative performance.

U.S. Equity Index Fund–I Series

Fund	November	YTD
U.S. Equity Index Fund–I Series	+3.76%	+27.10%
Russell 3000 Index	+3.80%	+27.34%
Difference (percentage points)	-0.04	-0.24

- The U.S. Equity Index Fund-I Series is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. WII's Exclusions policy (described [here](#)) negatively impacted benchmark-relative performance during the month and year to date.

Fixed Income Funds

Fixed Income Fund–I Series

Fund	November	YTD
Fixed Income Fund–I Series	-0.15%	+9.74%
Barclays U.S. Universal (ex MBS) Index	-0.05%	+10.07%
Difference (percentage points)	-0.10	-0.33

- During the month, the allocation to global bonds denominated in local currencies of developed and emerging market countries detracted from benchmark-relative performance as the U.S. dollar appreciated relative to most currencies. The overweight allocation to below-investment-grade securities positively contributed to benchmark-relative performance as recent Fed rate cuts supported investor sentiment.
- Year to date, exposure to multi-family housing through high-quality U.S. agency commercial mortgage-backed securities and the Positive Social Purpose Lending program detracted from benchmark-relative results. Exposure to euro-denominated bonds also detracted from benchmark-relative results as the European currency depreciated relative to the U.S. dollar. Security selection decisions of the core-plus managers helped relative results.

Inflation Protection Fund–I Series

Fund	November	YTD
Inflation Protection Fund–I Series	-0.17%	+7.81%
IPF Benchmark ⁱⁱ	-0.86%	+8.59%
Difference (percentage points)	+0.69	-0.78

- The fund's allocation to floating-rate, senior-secured bank loans and its underweight exposure to U.K. inflation-linked securities positively contributed to benchmark-relative performance during the month but have detracted year to date.
- Asset manager selections within commodities futures and emerging market inflation-linked bonds contributed positively during both periods.

U.S. Treasury Inflation Protection Fund–I Series

Fund	November	YTD
U.S. Treasury Inflation Protection Fund–I Series	+0.12%	+8.09%
Barclays U.S. Inflation Linked Bond Index	+0.18%	+8.41%
Difference (percentage points)	-0.06	-0.32

- 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.

Short Term Investment Fund–I Series

Fund	November	YTD
Short Term Investment Fund–I Series	+0.11%	+2.18%
BofA Merrill Lynch 3-Month Treasury Bill Index	+0.12%	+2.13%
Difference (percentage points)	-0.01	+0.05

- The Short Term Investment Fund–I Series holds cash and cash equivalents 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	November	YTD
Multiple Asset Fund–I Series	+2.02%	+18.32%
MAF Benchmark ⁱⁱⁱ	+1.53%	+17.93%
Difference (percentage points)	+0.49	+0.39

- During the month, the U.S. Equity Fund-I Series, International Equity Fund-I Series, and Inflation Protection Fund-I Series positively contributed to benchmark-relative performance, while the Fixed Income Fund-I detracted from relative performance.
- Year to date, the International Equity Fund-I Series was the only fund that positively contributed to relative returns, while the U.S. Equity Fund-I Series, Fixed Income Fund-I Series, and Inflation Protected Fund-I Series negatively contributed to benchmark-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](#), the [Summary Fund Description — I Series](#) and the [Statement of Additional Information](#) 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% Inflation Protection Fund (IPF) Benchmark.