

November 2022 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks increased 5.6%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, increased 11.5% in November. The Bloomberg U.S. Aggregate Bond Index (Bloomberg U.S. Aggregate) increased 3.7%.
- Inflation was 7.7% in October, as measured by the year-over-year change in the Consumer Price Index (CPI). The Core Personal Consumption Expenditures (PCE) measure of inflation, which excludes food and energy (the U.S. Federal Reserve's [Fed] preferred gauge of inflation), decelerated from 5.2% in September to 5.0% in October.
- The U.S. economy added 263,000 non-farm jobs in November, and the unemployment rate remained at 3.7%
- The Fixed Income Fund – I Series, International Equity Fund – I Series and Multiple Asset Fund – I Series outperformed their respective benchmarks in November, while the U.S. Equity Fund – I Series and Inflation Protection Fund – I Series underperformed their respective benchmarks.

Monthly Overview

Equities and fixed income increased

U.S. stocks increased for the month as inflation modestly eased and investors grew more optimistic that the Fed would slow its pace of raising interest rates. All U.S. stock market sectors increased in value, with the Russell 3000 Index up 5.2%. The Russell 3000 Value Index increased 6.1%, outperforming the Russell 3000 Growth Index performance of 4.4%. The U.S. dollar Index fell 5.0%—the largest monthly decline since July 2010—boosting the return on international stocks in U.S. dollar terms. The MSCI EAFE Index of stocks in developed countries outside the U.S. increased 11.3%, and stocks in developing countries increased 14.1%, as measured by the MSCI Emerging Markets IMI Index.

Bond prices also increased, as yields decreased in November, and the Bloomberg U.S. Aggregate increased 3.7% in its strongest monthly performance since December 2008. The 30-year U.S. Treasury bond yield decreased 0.4%, ending the month at 3.8%, while the two-year yield decreased 0.1% to 4.4% during the month.

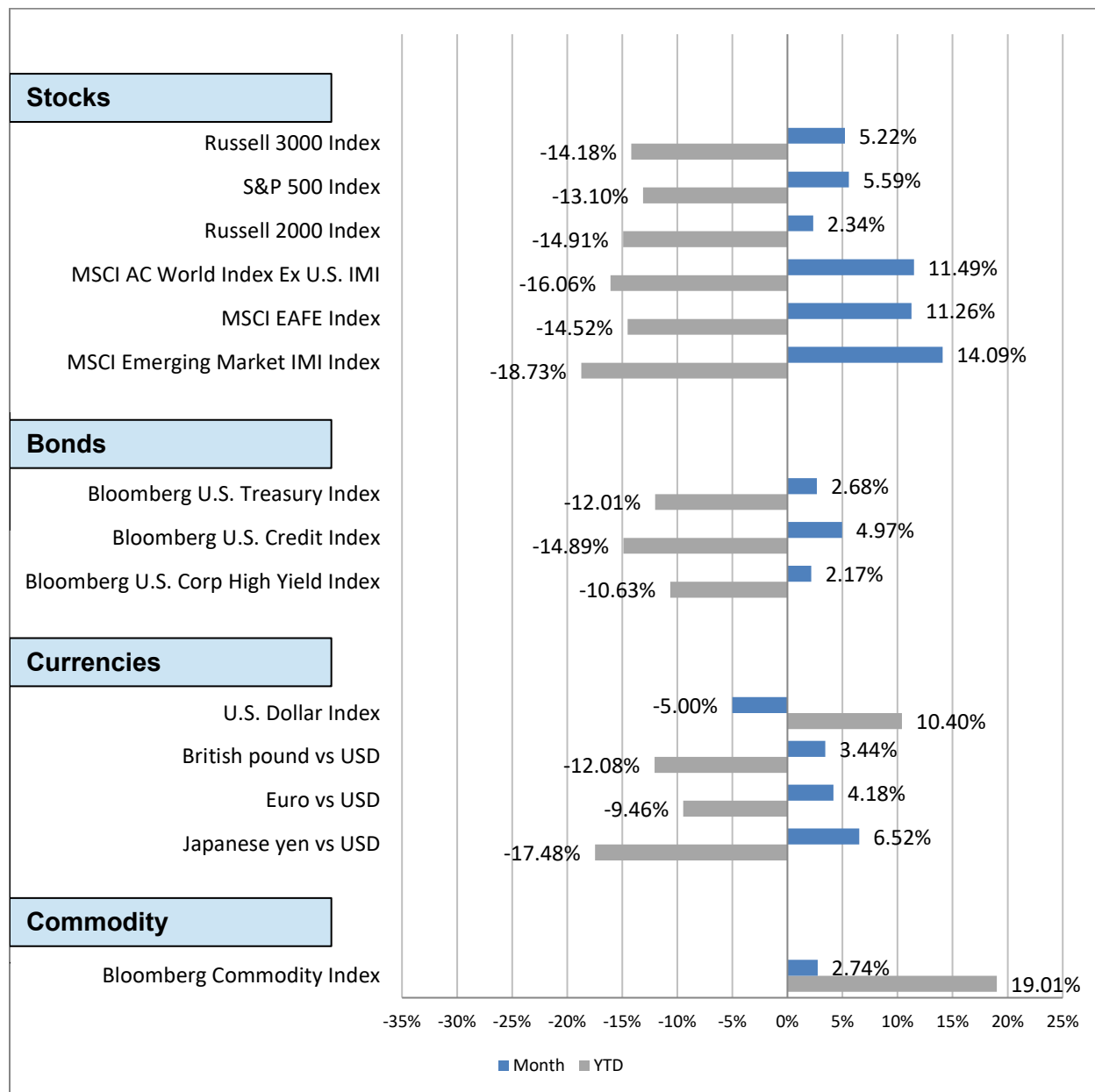
Economic update

CPI increased 7.7% year over year in October, while Core PCE increased 5.0%. Fed Chair Jerome Powell and other Fed officials expressed modest optimism regarding potential near-term moderating of the pace of interest rate hikes to control inflation. Employers in the U.S. added 263,000 jobs in November, an increase from October's 261,000. The unemployment rate remained steady at 3.7%, but average hourly earnings rose 0.6% in November, and 5.1% year over year. Home prices, as measured by the S&P CoreLogic Case-Shiller National Home Price Index, declined 1.0% from the previous month.

Protests flare in China

Protesters in cities across China demanded an easing of the strict COVID-19 restrictions that have severely hindered business activity and daily life. As a result, authorities in some areas have begun easing restrictions. The MSCI China Equity Index increased 29.7% in November.

Market Performance



Source: FactSet, as of November 30, 2022.

Key Monthly Economic Statistics

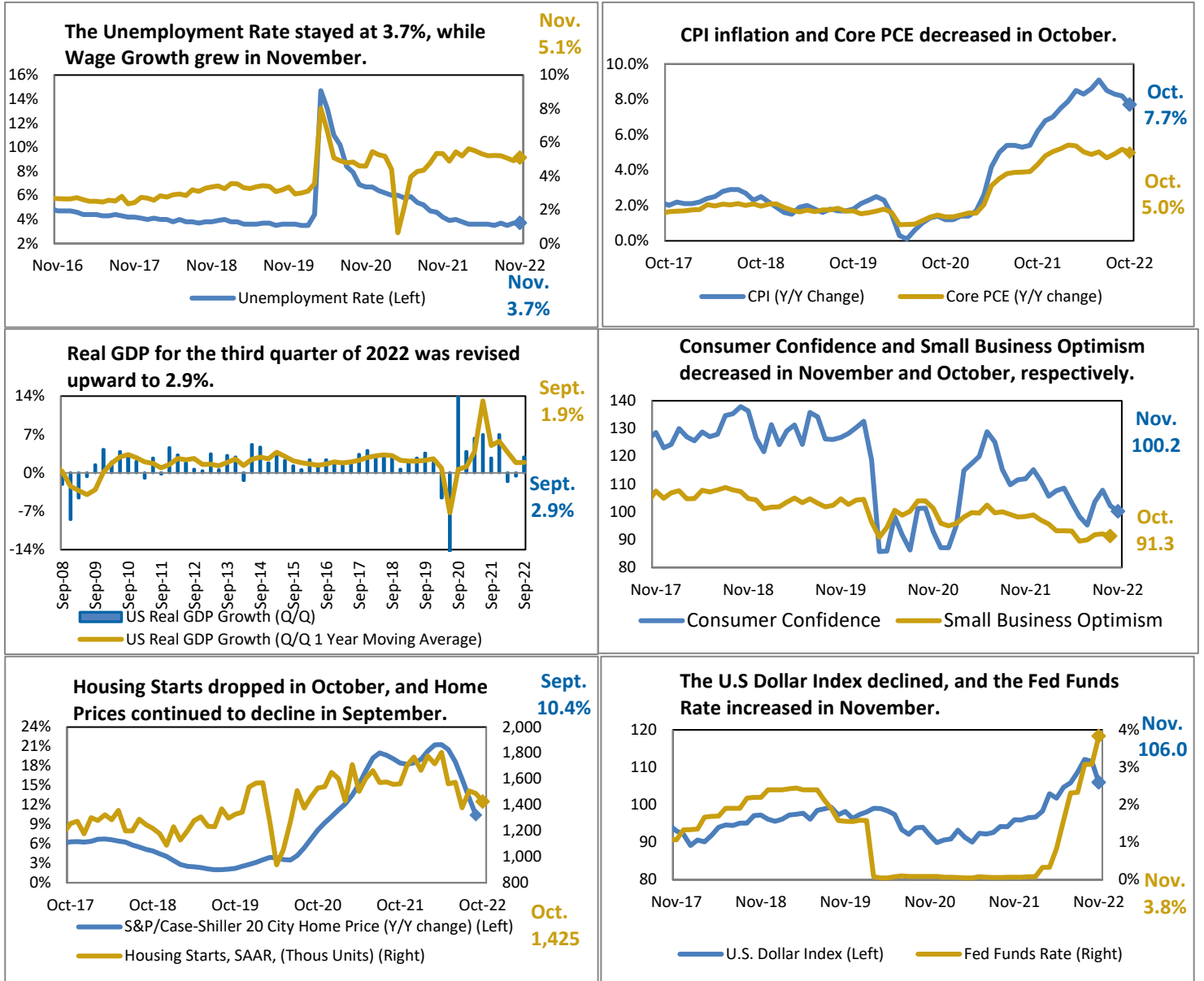
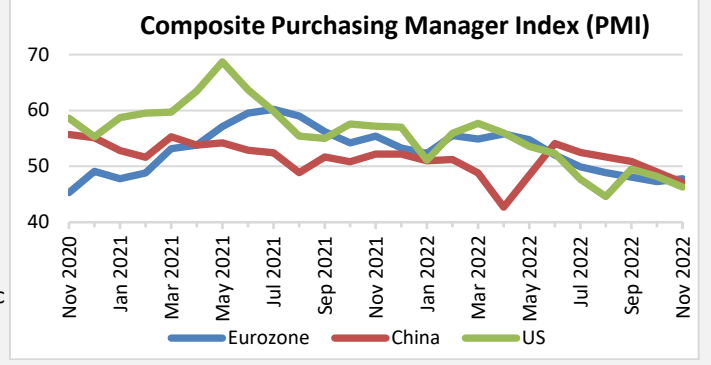


Chart of the Month

- S&P Global measures economic trends with its Composite Purchasing Managers Index (PMI) by collecting and compiling survey data from a combination of manufacturing and services firms.
- PMI readings above 50 indicate economic expansion, while readings below 50 indicate contraction.
- The U.S. and Eurozone Composite PMIs have gradually declined from their post-pandemic peaks in 2021, registering contractionary readings below 50 for the past five months.
- China's economy has struggled to recover from the COVID-19 pandemic amid strict quarantines, and the China PMI has been under 50 for the past two months.



Sources: FactSet, U.S. Bureau of Labor Statistics, The Conference Board, Federal Reserve Bank of St. Louis, Bureau of Economic Analysis, National Association of Realtors, U.S. Census Bureau, S&P Global.

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	+4.79%	-15.28%
Russell 3000 Index	+5.22%	-14.18%
Difference (percentage points)	-0.43	-1.10

- In November, the fund underperformed its benchmark mainly due to dedicated allocations to private equity and private real estate, and four out of six active managers underperforming their respective benchmarks. The fund's strategic underweight to mega-cap technology companies was a small positive contributor to relative performance.
- Year to date, the fund underperformed its benchmark mainly due to investments in growth-oriented companies, its overweight allocation to small- and mid-cap growth stocks, and 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 modestly contributed to benchmark-relative performance.

International Equity Fund – I Series

Fund	November	YTD
International Equity Fund – I Series	+13.15%	-20.55%
MSCI ACWI ex U.S. Investable Market Index (Net)	+11.49%	-16.06%
Difference (percentage points)	+1.66	-4.49

- In November, the fund outperformed its benchmark as all eleven active managers outperformed their respective benchmarks. The fund's fair market valuations policy (described [here](#)) also contributed positively to relative performance. Investments in private equity and private real estate detracted from relative performance.
- Year to date, the fund underperformed its benchmark mainly due to poor-performing investments held by growth-oriented active managers, private equity investments, and excluding certain stocks in accordance with WII's Exclusions Policy (described [here](#)).

U.S. Equity Index Fund – I Series

Fund	November	YTD
U.S. Equity Index Fund – I Series	+5.17%	-14.68%
Russell 3000 Index	+5.22%	-14.18%
Difference (percentage points)	-0.05	-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 and year to date, 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	November	YTD
Fixed Income Fund – I Series	+3.67%	-12.37%
Bloomberg U.S. Universal (ex MBS) Index	+3.62%	-13.07%
Difference (percentage points)	+0.05	+0.70

- In November, the fund's allocation to emerging market debt positively contributed to benchmark-relative performance. The fund's allocations to U.S. agency commercial mortgage-backed securities and high-yield rated corporate debt, as well as asset manager security selection, detracted from relative performance.
- Year to date, the fund's allocations to U.S. agency commercial mortgage-backed securities, the Positive Social Purpose Lending Program and high-yield-rated corporate bonds positively contributed to relative performance. Asset manager security selection and sector selection also contributed for the period. The fund's allocation to emerging market debt was the main detractor from relative performance.

Inflation Protection Fund – I Series

Fund	November	YTD
Inflation Protection Fund – I Series (IPF-I)	+2.48%	-5.05%
IPF-I Benchmark ⁱⁱ	+2.91%	-10.20%
Difference (percentage points)	-0.43	+5.15

- In November, asset manager security selection positively contributed to benchmark-relative performance, while allocations to senior-secured loans and U.S. inflation-linked bonds detracted from performance.
- The fund's underweight allocation to U.K. inflation-linked securities positively contributed to benchmark-relative performance for the year to date, but detracted for the month.
- Year to date, asset manager security selection and allocations to senior secured loans and commodities added to benchmark-relative performance, while the allocation to U.S. inflation-linked bonds detracted.

U.S. Treasury Inflation Protection Fund – I Series

Fund	November	YTD
U.S. Treasury Inflation Protection Fund – I Series	+1.94%	-11.74%
Bloomberg U.S. Inflation Linked Bond Index	+1.92%	-11.68%
Difference (percentage points)	+0.02	-0.06

- 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	November	YTD
Multiple Asset Fund – I Series (MAF-I)	+6.66%	-14.90%
MAF-I Benchmark ⁱⁱⁱ	+6.47%	-13.81%
Difference (percentage points)	+0.19	-1.09

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

For additional information, please contact:

Karen Manczko

Director, Institutional Relationships

(847) 866-4236 direct

(847) 866-4100 general

kmanczko@wespath.org

Evan Witkowski, CIPM, FSA Credential Holder

Manager, Institutional Relationships

(847) 866-5271 direct

(847) 866-4100 general

ewitkowski@wespath.org

1901 Chestnut Avenue

Glenview, Illinois 60025

(847) 866-4100

wespath.com

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.