

October 2021 Investment Report

Highlights

- The S&P 500 increased 7.0% in October, reaching a new all-time high. International stocks, as measured by the MSCI All Country World ex. U.S. Index, increased 2.3%.
- U.S. real gross domestic product (GDP) grew at an annualized rate of 2.0% in the third quarter, which was below most economists' projections.
- Inflation continued at an elevated rate of 0.4% for September and 5.4% for the past 12 months, as measured by the Consumer Price Index.
- The U.S. economy added 531,000 non-farm jobs in October, which was above most economists' expectations; the unemployment rate decreased to 4.6%.
- The U.S. Equity Fund – I Series, Fixed Income Fund – I Series, Inflation Protection Fund – I Series and Multiple Asset Fund – I Series underperformed their respective benchmarks in October, while the International Equity Fund – I Series modestly outperformed its benchmark in October.

Monthly Overview

Stocks increased in October

U.S. stocks outperformed international stocks in October amid strong earnings announcements. Tesla shares increased 44% in the month and surpassed \$1 trillion in total market value after the company reported strong earnings and disclosed an order of 100,000 vehicles from rental company Hertz. The MSCI EAFE Index of stocks in developed countries outside the U.S. increased 2.5%, and stocks in developing countries increased 0.9%, as measured by the MSCI Emerging Markets IMI. The U.S. Treasury yield curve flattened in October as investors evaluated the possibility that the Federal Reserve will gradually increase interest rates beginning in 2022. The 30-year Treasury yield decreased 0.15% to 1.94%, while the two-year yield increased 0.20% to 0.49%.

Economic update

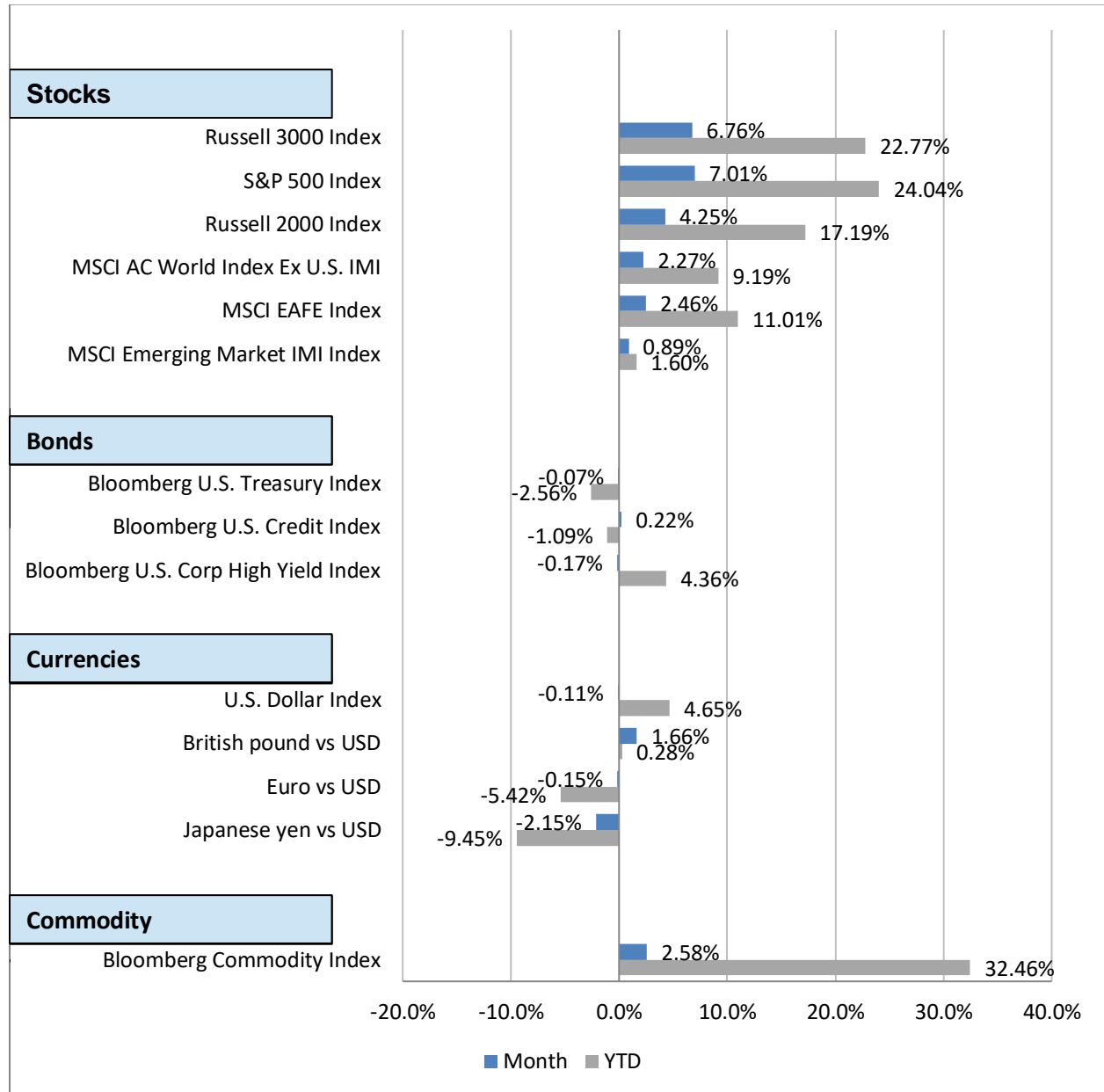
The Conference Board's Consumer Confidence Index increased from 109.8 in September to 113.8 in October, reflecting the current abundance of employment opportunities. Existing home sales increased 7.0% to an eight-month high. U.S. GDP grew at a disappointing 2.0% annual rate in the third quarter due to labor market and supply chain constraints. However, Eurozone GDP increased at a strong quarterly rate of 2.2%. China's GDP increased 4.9% compared to the same period a year ago.

Global inflation remains elevated by most measures. Consumer prices increased 5.4% year over year in the U.S. and 4.1% in the Eurozone. Rising energy prices have significantly contributed to the increase in consumer prices. Year to date, crude oil and natural gas have increased 72% and 119%, respectively.

COVID-19 update

Rates for COVID-19 cases, hospitalizations and deaths declined in October after Delta-driven surges in September. The U.S. averaged 69K new cases per day over the last week of October—a 60% drop from the average 127K daily cases in mid-September. The FDA authorized the Pfizer vaccine for use on children age 5 – 11, with vaccine distribution to this age group expected to begin in early November.

Market Performance



Source: FactSet, as of October 31, 2021.

Key Monthly Economic Statistics

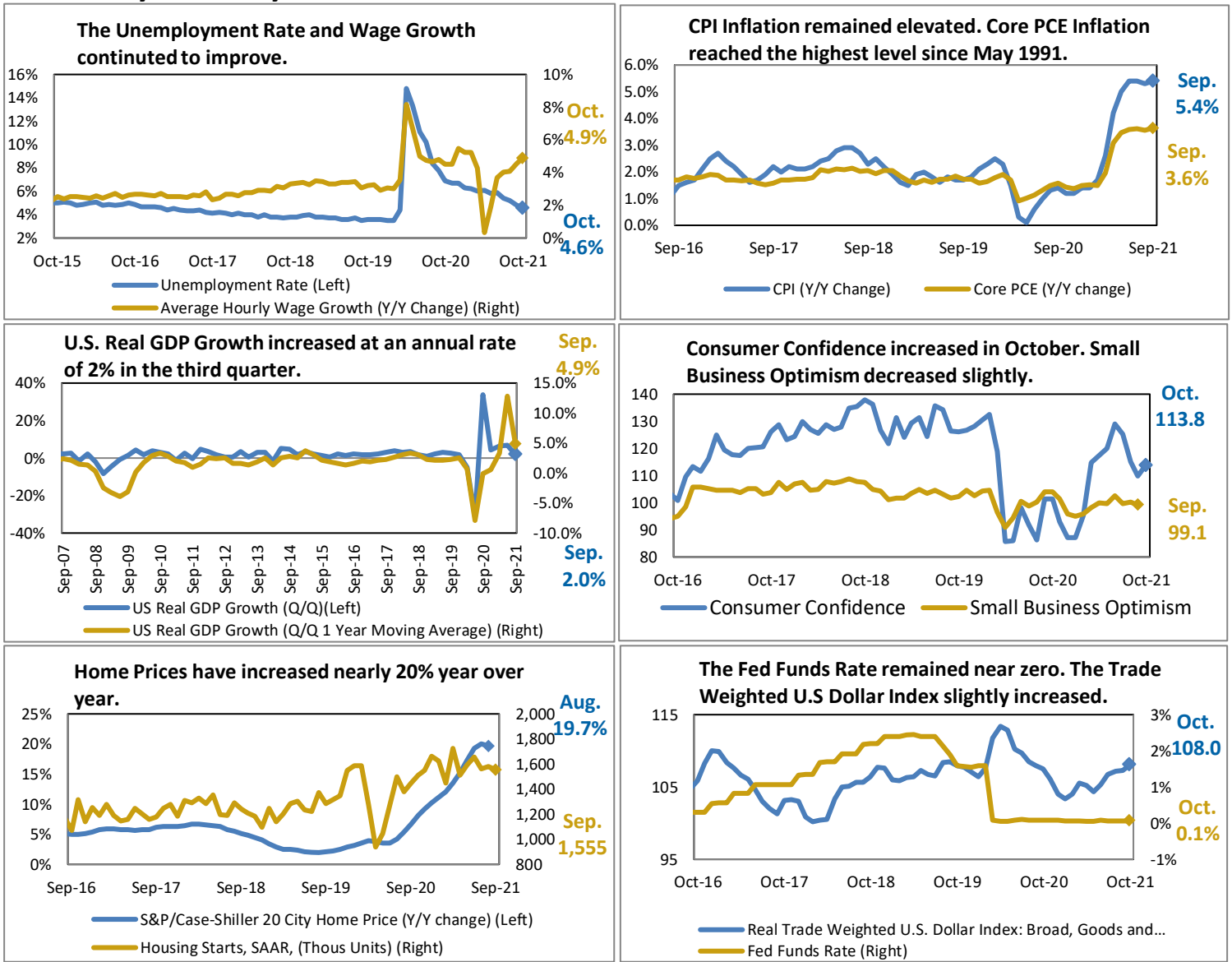
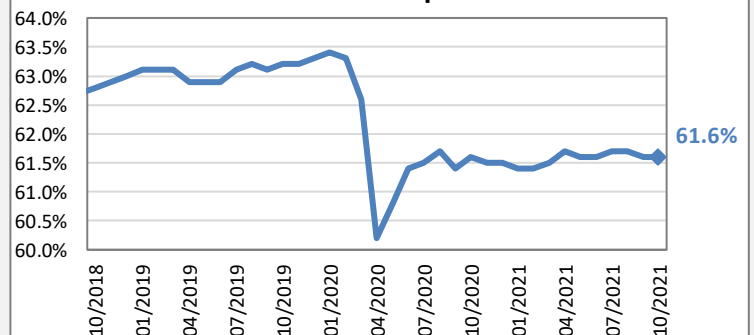


Chart of the Month

- The labor force participation rate—which measures the proportion of the population working or actively seeking employment—has been slow to recover since the start of the pandemic.
- The rate reached its lowest level in April 2020 but has recovered only halfway to pre-pandemic levels as of October 2021.
- The low labor force participation rate exacerbates the challenges companies face to meet rising demand for goods and services.

Labor Force Participation Rate



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

Equity Funds

U.S. Equity Fund – I Series

Fund	October	YTD
U.S. Equity Fund – I Series	+6.09%	+18.57%
Russell 3000 Index	+6.76%	+22.77%
Difference (percentage points)	-0.67	-4.20

- During the month, the fund underperformed the benchmark due to its underweight allocation to strong performing mega-cap companies and corresponding overweight to small- and mid-cap stocks, as well as underperforming investments held by two active mid-cap growth managers.
- Year to date, the fund trailed the index as a result of its overweight allocation to underperforming small- and mid-cap companies, along with its active managers' investments in several healthcare and technology companies. The fund's dedicated investments in private equity positively contributed to relative performance.

International Equity Fund – I Series

Fund	October	YTD
International Equity Fund – I Series	+2.39%	+6.34%
MSCI ACWI ex U.S. Investable Market Index (Net)	+2.27%	+9.19%
Difference (percentage points)	+0.12	-2.85

- During the month of October, the fund modestly outperformed its benchmark due to the fund's Fair Market Valuation policy (described [here](#)).
- Year to date, the fund underperformed the benchmark primarily due to its underweight allocation to developed markets and its active managers' investments in underperforming growth-oriented companies. The fund's dedicated investments in private equity positively contributed to relative performance.

U.S. Equity Index Fund – I Series

Fund	October	YTD
U.S. Equity Index Fund – I Series	+6.87%	+22.85%
Russell 3000 Index	+6.76%	+22.77%
Difference (percentage points)	+0.11	+0.08

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

Fixed Income Funds

Fixed Income Fund – I Series

Fund	October	YTD
Fixed Income Fund – I Series	-0.18%	-1.21%
Bloomberg U.S. Universal (ex MBS) Index	-0.05%	-1.24%
Difference (percentage points)	-0.13	+0.03

- During October, the fund's allocation to emerging market debt and its manager security selection in the core strategy detracted from benchmark-relative performance. The fund's allocation to investment-grade-rated corporate debt added to relative performance.
- Year to date, the fund's allocation to high-yield corporate debt, along with active managers' security selection, positively contributed to benchmark-relative performance. The fund's allocations to emerging market debt and global bonds detracted from benchmark-relative performance

Inflation Protection Fund – I Series

Fund	October	YTD
Inflation Protection Fund – I Series (IPF-I)	+0.65%	+5.35%
IPF-I Benchmark ⁱⁱ	+1.64%	+5.88%
Difference (percentage points)	-0.99	-0.53

- During October, the fund's allocation to floating-rate senior loans, as well as its active managers' security selection decisions, detracted from benchmark-relative performance. The fund's underweight allocation to global inflation-linked securities added to relative performance.
- Year to date, the fund's modestly overweight allocation to commodities positively impacted benchmark-relative performance. In contrast, the fund's allocations to floating-rate senior loans and emerging market inflation-linked bonds detracted.
- The fund's underweight exposure to U.K. inflation-linked securities detracted from benchmark-relative performance for the month but added to year-to-date performance.

U.S. Treasury Inflation Protection Fund – I Series

Fund	October	YTD
U.S. Treasury Inflation Protection Fund – I Series	+1.05%	+4.31%
Bloomberg U.S. Inflation Linked Bond Index	+1.18%	+4.62%
Difference (percentage points)	-0.13	-0.31

- 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	October	YTD
Multiple Asset Fund – I Series (MAF-I)	+2.88%	+8.56%
MAF-I Benchmark ⁱⁱⁱ	+3.20%	+10.75%
Difference (percentage points)	-0.32	-2.19

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

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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 IPF-I Benchmark is comprised of 80% Bloomberg World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index.

ⁱⁱⁱ The MAF-I Benchmark is comprised of 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) excluding USA Investable Market Index (IMI), 25% Bloomberg U.S. Universal Index ex-Mortgage Backed Securities, and 10% IPF-I Benchmark (see footnote ii above).