

April 2019 Investment Report

Highlights

- U.S. stocks rallied 4.1% during the month on better-than-expected first quarter corporate earnings. Both the S&P 500 Index and the technology-heavy NASDAQ composite reached record highs during April.
- The initial reading for first quarter U.S. GDP growth came in stronger than expected at 3.2% helped by inventory build-up. The U.S. added 263,000 jobs in April, significantly exceeding expectations. The unemployment rate fell to 3.6%, and the rate of wage growth remained largely unchanged.
- China's economy grew 6.4% during the first quarter, aided by government stimulus.
- In April, the U.S. Equity Fund, International Equity Fund, Fixed Income Fund, Inflation Protection Fund, and Multiple Asset Fund outperformed their benchmarks.

Monthly Overview

S&P 500 Index and NASDAQ Composite hit new record highs

The U.S. stock market continued to advance, as the S&P 500 Index and NASDAQ Composite achieved new record levels at the end of the month. Accommodative monetary policy, low inflation, better-than-expected corporate earnings and encouraging progress in trade talks between the U.S. and China all contributed to a positive market environment. Through the end of the month, two-thirds of S&P 500 companies reported first quarter earnings, of which three-fourths have exceeded analyst estimates. The S&P 500 and NASDAQ have gained 18% and 22%, respectively, year-to-date.

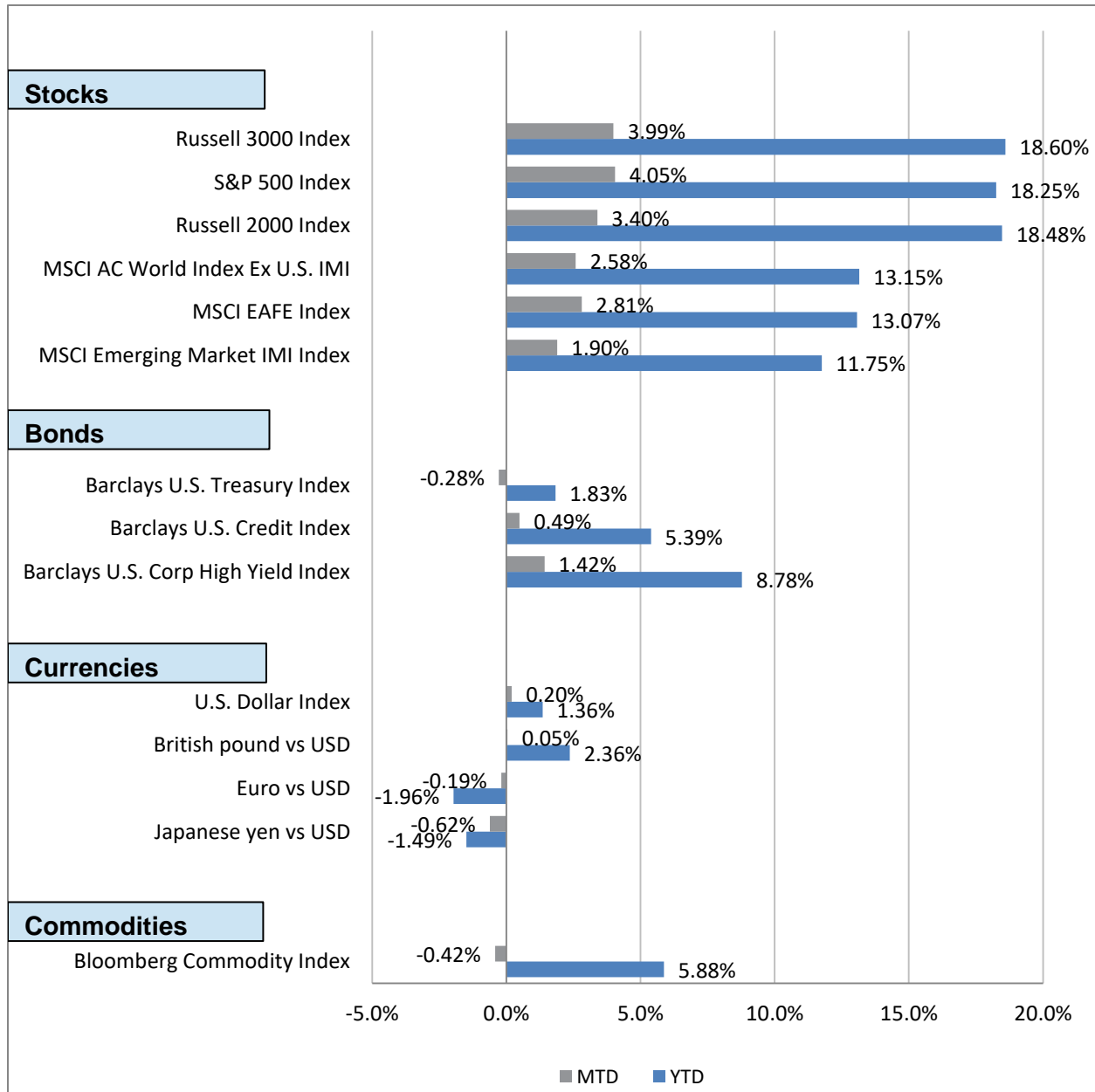
U.S. GDP moves higher; inflation remains below Fed's 2% target

The U.S. economy grew at a faster pace in the first quarter of 2019, with an initial 3.2% growth rate released by the Commerce Department exceeding economists' consensus expectations of 2.3%. Beneath the strong headline number, consumer spending, which accounts for nearly 70% of GDP, slowed from late last year, while business inventory spending and exports increased. The personal consumption expenditures price index (excluding food and energy), which is the Fed's preferred measure of inflation, declined to 1.6% from 1.9% at year-end, reducing the likelihood of near term interest rate hikes.

Oil climbs to near six month high

Oil (West Texas Intermediate) gained 6.3% over the month and 41% year-to-date, ending the month at \$63.91. Prices were supported by better-than-expected U.S. and China economic data, while supply became constrained after several European countries suspended Russian oil imports, and the White House withdrew sanction waivers for eight countries to import oil from Iran. Subsequently, the U.S., Saudi Arabia and the UAE agreed to increase exports in an effort to compensate for the reduced global supply.

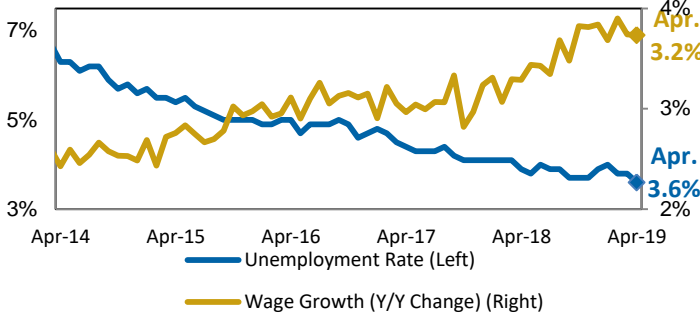
Market Performance



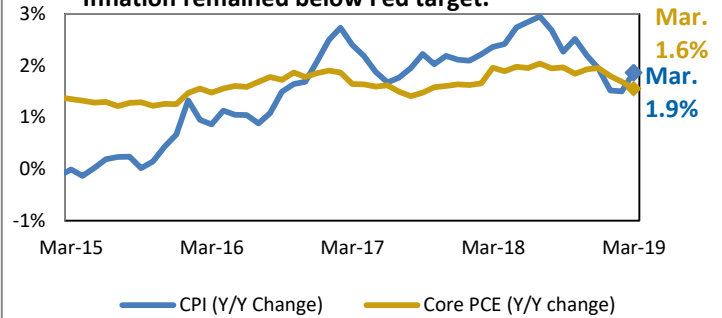
Source: FactSet, as of April 30, 2019

Key Monthly Economic Statistics

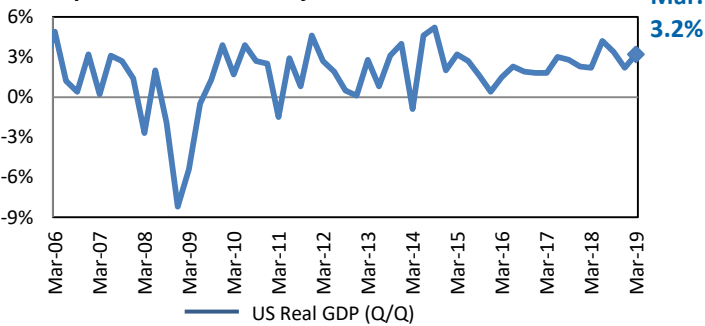
Unemployment reached the lowest level since 1969, and wage growth remained largely unchanged.



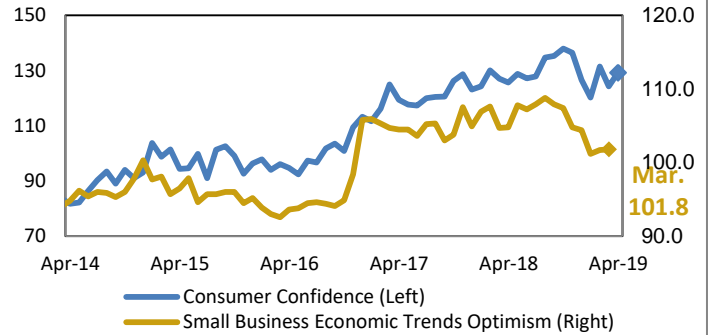
Year-over-year CPI increased in March. PCE Inflation remained below Fed target.



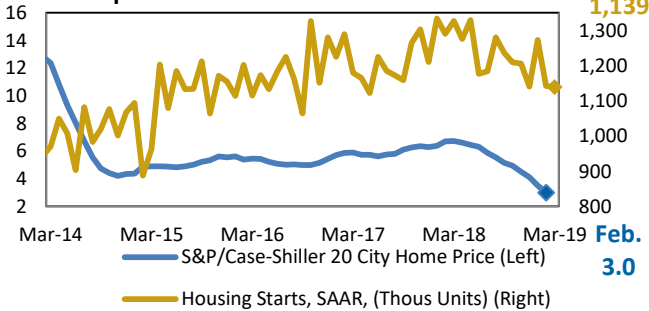
The initial estimate of quarterly GDP growth beat expectations but is subject to revisions.



Consumer confidence improved in April, while small business confidence was flat.



U.S. housing starts fell to a 23-month low, and home prices continued to decline.



US Dollar rose modestly, and interest rates remained unchanged.

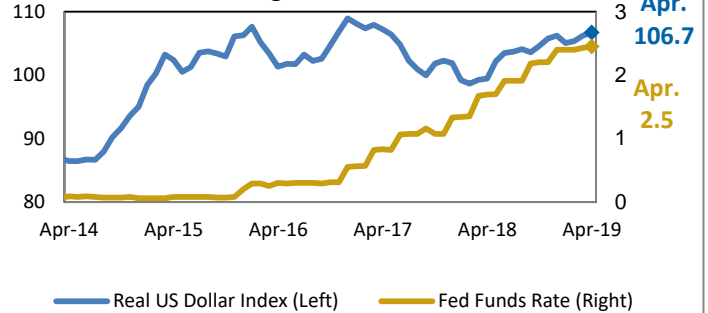
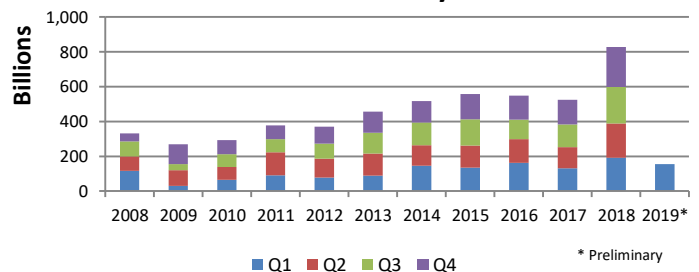


Chart of Month

- S&P 500 share buybacks continued at a robust pace over first quarter 2019 and are expected to exceed the 2018 all-time high of \$806B, a 55% increase from 2017.
- The 2017 Tax Cuts and Jobs Act reduced corporate tax rates and motivated overseas cash repatriation, which supported an increase in buyback activity.
- Despite a slower economic outlook and lack of a tax windfall this year, high levels of existing cash on corporate balance sheets could indicate another year of record buybacks and support the longest bull market in U.S. history.

S&P 500 Share Buybacks



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

Equity Funds

U.S. Equity Fund

Fund	April	YTD
U.S. Equity Fund	+4.05%	+20.16%
Russell 3000 Index	+3.99%	+18.60%
Difference (percentage points)	+0.06	+1.56

- For the month, the fund benefited most from a sizable overweight to strong-performing information technology stocks and investments in outperforming health care technology companies held by a small company growth-oriented manager. The fund's strategic overweight to small- and mid-sized company stocks, and corresponding underweight to large-company stocks, along with its investments in alternatives, slightly detracted from benchmark-relative performance.
- Year-to-date, outperforming e-commerce and biotech investments held by managers had the largest impact on the fund's relative performance, as five out of seven active managers outperformed their respective benchmarks. The fund's strategic underweight to large-company stocks and investments in private equity and private real estate detracted from benchmark-relative performance. Wespath's Exclusions policy (described [here](#)) detracted from relative performance.

International Equity Fund

Fund	April	YTD
International Equity Fund	+3.02%	+15.54%
MSCI ACWI ex U.S. Investable Market Index (Net)	+2.58%	+13.15%
Difference (percentage points)	+0.44	+2.39

- For the month and year-to-date, the fund outperformed the benchmark due to the majority of active managers outperforming their respective benchmarks. Specifically, an underweight to poor performing Japanese companies and superior stock selection within China were the largest contributors to benchmark-relative returns.
- The fund's strategic underweight to developed market equities, and corresponding overweight to emerging market equities, detracted from relative performance. Additionally, the fund's strategic allocation to alternative investments, along with stocks excluded in compliance with Wespath's Exclusions policy (described [here](#)), detracted from benchmark-relative performance.

U.S. Equity Index Fund

Fund	April	YTD
U.S. Equity Index Fund	+4.10%	+18.39%
Russell 3000 Index	+3.99%	+18.60%

Difference (percentage points)	+0.11	-0.21
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- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. Wespath's Exclusions policy (described [here](#)) positively impacted benchmark-relative performance during the month, but negatively impacted performance year-to-date.

Fixed Income Funds

Fixed Income Fund

Fund	April	YTD
Fixed Income Fund	+0.30%	+4.16%
Barclays U.S. Universal (ex MBS) Index	+0.20%	+3.89%
Difference (percentage points)	+0.10	+0.27

- For the month and year-to-date, the overweight to below investment grade corporate bonds was the biggest positive contributor to benchmark relative performance.
- In addition to the contribution described above, a core plus manager's decisions to overweight corporate bonds issued by banks and insurance companies and allocate to certain emerging market currencies helped year-to-date, benchmark-relative returns. The fund's exposure to non-U.S. developed market currencies, loans issued through Wespath's Positive Social Purpose Lending Program and U.S. Agency Commercial Mortgage Backed Securities partially offset benchmark-relative gains.

Extended Term Fixed Income Fund

Fund	April	YTD
Extended Term Fixed Income Fund	-0.13%	+4.74%
Barclays U.S. Government/Credit Long Term Index	-0.40%	+6.02%
Difference (percentage points)	+0.27	-1.28

- The fund's policy of maintaining a lower sensitivity to interest rate movements positively contributed to benchmark-relative results for the month but detracted from year-to-date relative results. Manager security selection positively contributed to relative results for both the month and year-to-date periods.

Inflation Protection Fund

Fund	April	YTD
Inflation Protection Fund	+0.51%	+3.84%
IPF Benchmark ⁱⁱ	+0.01%	+4.12%
Difference (percentage points)	+0.50	-0.28

- For the month, the underweight to U.K. inflation-linked bonds was the biggest positive contributor to benchmark relative performance. The out-of-benchmark exposure to below-investment-grade, floating-rate bank loans and the dedicated commodities manager's decision to overweight certain energy contracts also contributed to relative results.

- Year-to-date, the underweight exposure to U.K. inflation-linked bonds and out-of-benchmark exposure to floating rate asset-backed securities and timber detracted from relative performance. Partially offsetting this was the overweight to energy in the dedicated commodities account and the out-of-benchmark exposure to below-investment-grade, floating-rate bank loans.

Balanced Fund

Multiple Asset Fund

Fund	April	YTD
Multiple Asset Fund	+2.48%	+12.91%
MAF Benchmark ⁱⁱⁱ	+2.22%	+11.74%
Difference (percentage points)	+0.26	+1.17

- During the month, the U.S. Equity Fund, International Equity Fund, Fixed Income Fund, and Inflation Protected Fund positively contributed to benchmark-relative performance. Year-to-date, the U.S. Equity Fund, International Equity Fund, and Fixed Income Fund positively contributed to benchmark-relative returns.

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	April	YTD
Social Values Choice Bond Fund	+0.37%	+4.19%
Barclays U.S. Universal (ex MBS) Index	+0.20%	+3.89%
Difference (percentage points)	+0.17	+0.30

- For the month and year-to-date, the manager's decisions to overweight corporate credit financials and allocate to certain emerging market currencies, particularly the Russian ruble, helped benchmark-relative returns.

Social Values Choice Equity Fund

Fund	April	YTD
Social Values Choice Equity Fund	+3.61%	+16.32%
SVCEF Benchmark ^{iv}	+3.56%	+15.98%
Difference (percentage points)	+0.05	+0.34

- The Social Values Choice Equity Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fair market valuation policy (described [here](#)) positively impacted performance during the month and year-to-date.

U.S. Treasury Inflation Protection Fund

Fund	April	YTD
U.S. Treasury Inflation Protection Fund	+0.28%	+3.58%
Barclays U.S. Inflation Linked Bond Index	+0.32%	+3.66%
Difference (percentage points)	-0.04	-0.08

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

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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 and related documents](#) for more information about the funds. This is not an offer to purchase securities.

ⁱⁱ The benchmark for the Inflation Protection Fund 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 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.

^{iv} The benchmark for the Social Values Choice Equity Fund is the MSCI World Environmental, Social and Governance (ESG) ex Fossil Fuels Index.