

January 2023 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks returned 6.3%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, gained 8.0% in January. The Bloomberg U.S. Aggregate Bond Index increased 3.1%.
- Inflation was 6.5% in December, as measured by the year-over-year change in the Consumer Price Index (CPI). The Core Personal Consumption Expenditures (PCE) Index, the U.S. Federal Reserve's (Fed) preferred gauge of inflation (and which excludes food and energy), decelerated from 4.7% in November to 4.4% in December, on a year-over-year basis.
- The U.S. economy added 517,000 non-farm jobs in January, and the unemployment rate decreased to 3.4%.
- The U.S. Equity Fund, International Equity Fund, Fixed Income Fund and Multiple Asset Fund outperformed their respective benchmarks in January, while the Inflation Protection Fund underperformed its benchmark.

Monthly Overview

Equities and fixed income rebound to start the year

U.S. equity prices rose in January amid the continued easing of inflation and growing investor confidence in the Fed's aggressive approach to taming inflation. The Russell 3000 Index returned 6.9%, and eight out of eleven U.S. stock market sectors increased. Growth stocks outperformed value stocks, as the Russell 3000 Growth Index increased 8.4% while the Russell 3000 Value Index increased 5.4%. The U.S. Dollar Index decreased for a fourth consecutive month, declining 1.4%. Stocks in developed countries outside of the U.S. increased 8.1%, as measured by the MSCI EAFE Index, while the MSCI Emerging Markets IMI Index gained 7.6%.

The Bloomberg U.S. Aggregate Index increased 3.1% in January as bond yields fell during the month. The Bloomberg U.S. High Yield Index gained 3.8%.

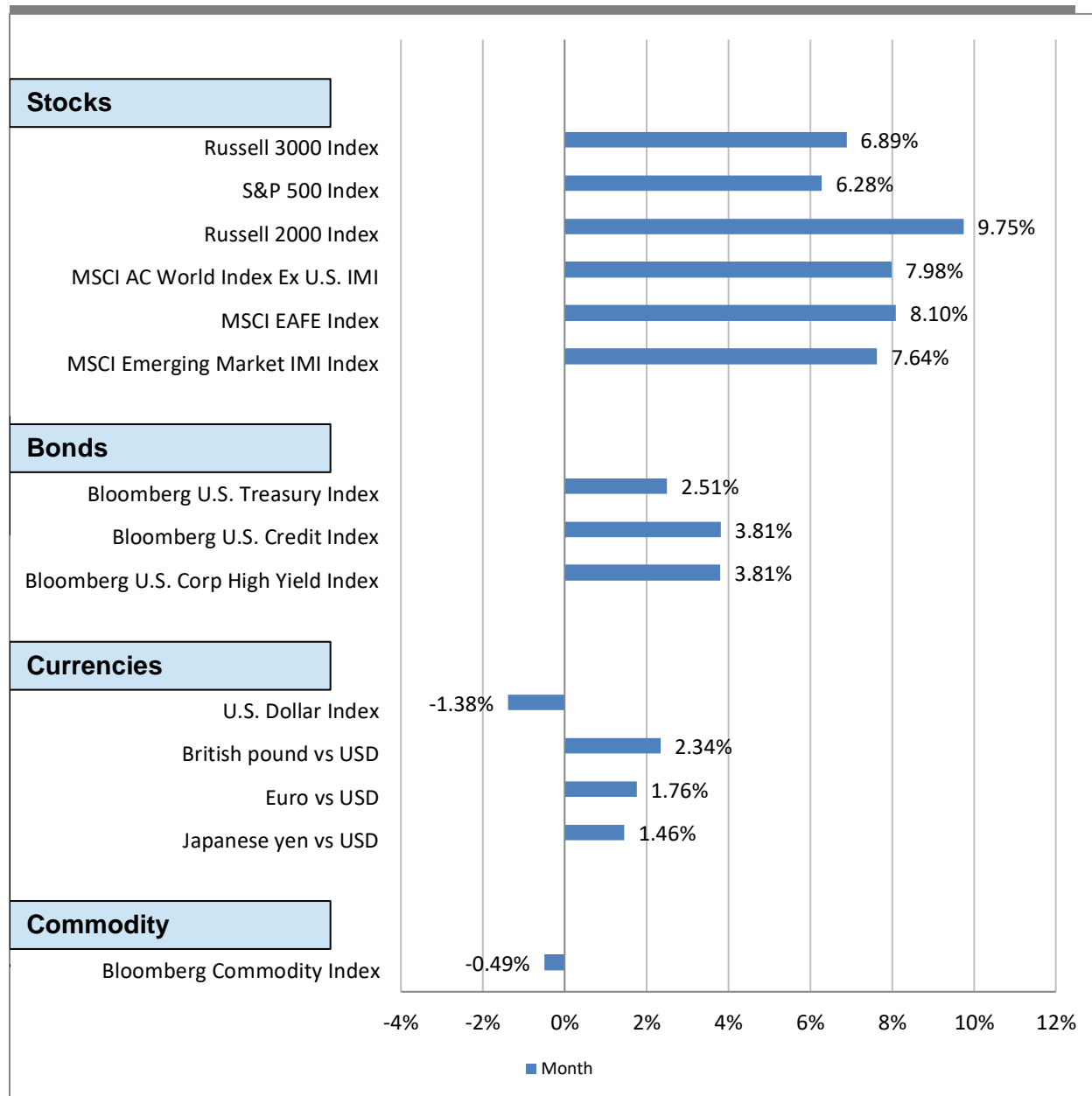
Economic update

According to the Bureau of Economic Analysis' advance estimate, U.S. Real GDP increased at an annual rate of 2.9% in the fourth quarter, down slightly from a 3.2% growth rate in the third quarter. CPI increased 6.5% year over year in December, and Core PCE increased 4.4%. U.S. consumer spending fell 0.2% from the prior month in December as higher interest rates and inflation levels impacted consumer behavior. Corporate earnings for S&P 500 companies for the fourth quarter are expected to fall 5.0% from a year ago, based on analyst estimates, as companies have had to navigate a more challenging economic environment.

China lifts zero-COVID measures

World leaders met in Davos, Switzerland for the annual World Economic Forum. Economic concerns related to the potential for new inflationary pressures following China's reopening from COVID-19 lockdowns, rising debt distress in the developing world, resolving the Ukraine/Russia conflict and addressing ongoing climate discussions were among the most pressing topics covered during the conference. Business leaders showed a renewed focus on profitability and efficiency as a result of macroeconomic conditions.

Market Performance



Source: FactSet, as of January 31, 2023.

Key Monthly Economic Statistics

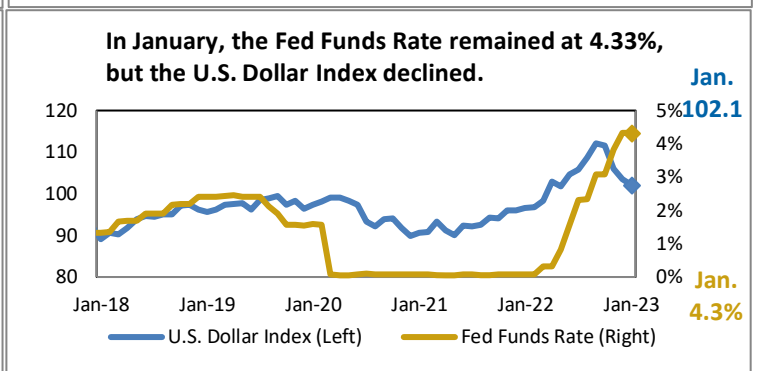
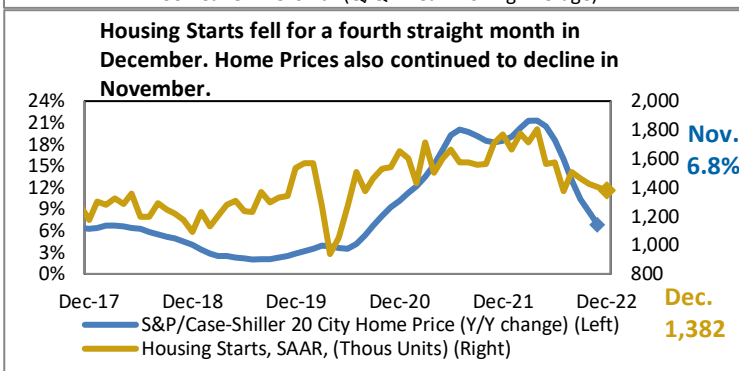
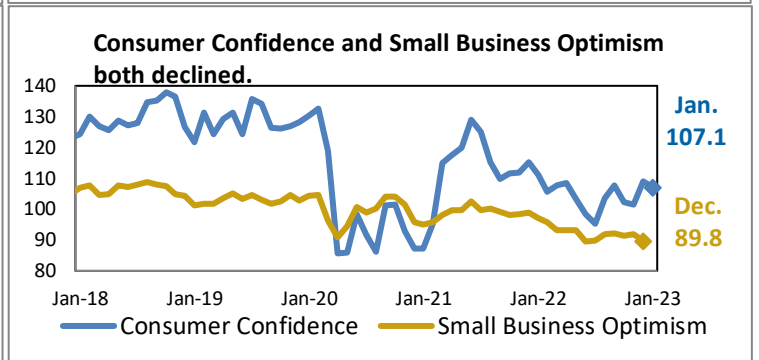
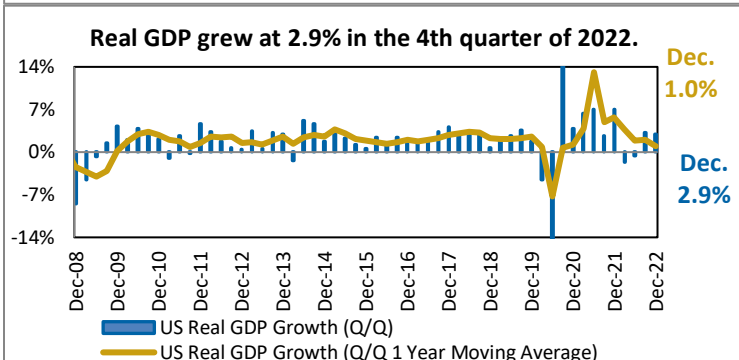
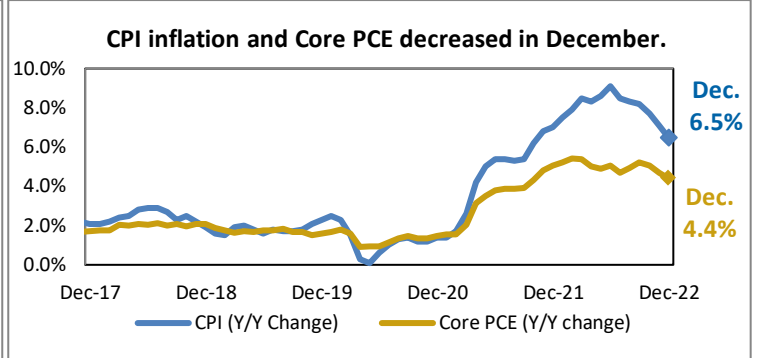
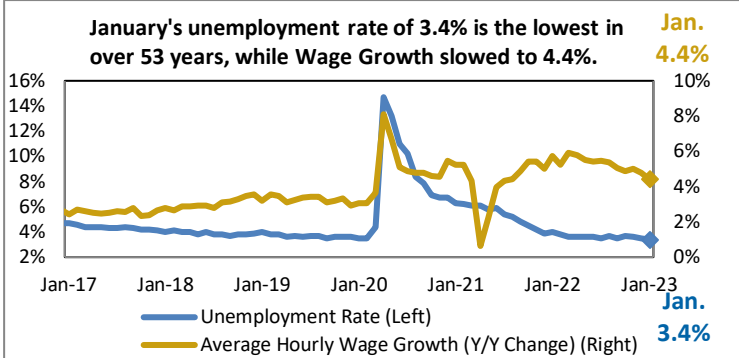
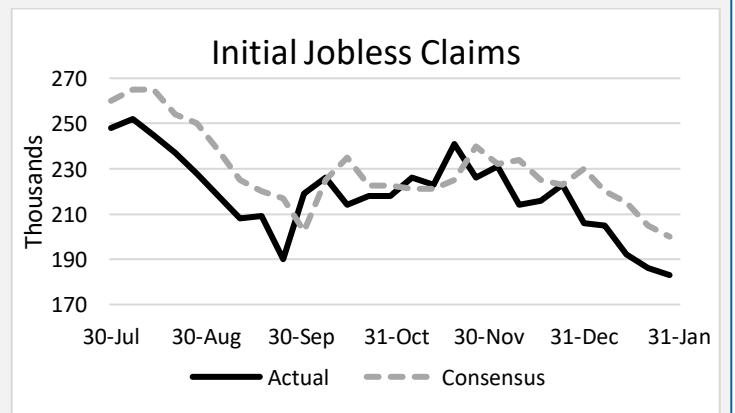


Chart of the Month

- Initial jobless claims have trended down in recent months, despite tight financial conditions and layoff announcements in certain sectors.
- The actual number of initial claims in 17 of the prior 23 weeks were below the consensus number from economists.
- This, coupled with a historically low unemployment rate, suggest that layoffs and a weakening economic environment aren't translating into higher unemployment, which goes against broad expectations.



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

Equity Funds

U.S. Equity Fund

Fund	January
U.S. Equity Fund	+7.67%
Russell 3000 Index	+6.89%
Difference (percentage points)	+0.78

- During the month, the fund outperformed its benchmark due to four out of six active managers outperforming their respective benchmarks, the fund's strategic overweight to small- and mid-cap stocks, and the impact of excluding certain stocks in accordance with Wespath's Exclusions Policy (described [here](#)).

International Equity Fund

Fund	January
International Equity Fund	+9.06%
MSCI ACWI ex U.S. Investable Market Index (Net)	+7.98%
Difference (percentage points)	+1.08

- During the month, the fund outperformed its benchmark due to nine out of eleven active managers outperforming their respective benchmarks and the fund's fair market valuation policy (described [here](#)).

U.S. Equity Index Fund

Fund	January
U.S. Equity Index Fund	+7.00%
Russell 3000 Index	+6.89%
Difference (percentage points)	+0.11

- The U.S. Equity Index Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. For the month certain stocks excluded in accordance with Wespath's Exclusions Policy (described [here](#)) contributed to relative performance.

Fixed Income Funds

Fixed Income Fund

Fund	January
Fixed Income Fund	+3.33%
Barclays U.S. Universal (ex MBS) Index	+3.04%
Difference (percentage points)	+0.29

- In January, asset manager security selection added to relative performance. Allocations to the high-yield rated corporate and emerging market bonds contributed positively to benchmark-relative performance. The allocation to U.S. agency commercial mortgage-backed securities detracted slightly from relative performance.

Extended Term Fixed Income Fund

Fund	January
Extended Term Fixed Income Fund	+5.18%
Barclays U.S. Government/Credit Long Term Index	+6.59%
Difference (percentage points)	-1.41

- The fund's policy of maintaining a lower sensitivity to interest rate movements until interest rates return to more "normal" levels was the largest driver of benchmark-relative performance for the month.

Inflation Protection Fund

Fund	January
Inflation Protection Fund (IPF)	+1.94%
IPF Benchmark ⁱⁱ	+2.15%
Difference (percentage points)	-0.21

- The fund's underweight allocation to U.K. inflation-linked securities negatively contributed to benchmark-relative performance for the month.
- During January, the allocation and manager security selection in global and emerging market inflation-linked bonds contributed positively to benchmark-relative performance, while the manager security selections in commodities detracted from relative performance.

Balanced Fund

Multiple Asset Fund

Fund	January
Multiple Asset Fund (MAF)	+6.41%
MAF Benchmark ⁱⁱⁱ	+5.78%
Difference (percentage points)	+0.63

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

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	January
Social Values Choice Bond Fund	+3.39%
Barclays U.S. Universal (ex MBS) Index	+3.04%
Difference (percentage points)	+0.35

- The fund's duration positioning and manager security selection in the financial sector added to benchmark-relative performance in January.

Social Values Choice Equity Fund

Fund	January
Social Values Choice Equity Fund (SVCEF)	+7.50%
SVCEF Benchmark ^{iv}	+7.27%
Difference (percentage points)	+0.23

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

U.S. Treasury Inflation Protection Fund

Fund	January
U.S. Treasury Inflation Protection Fund	+2.03%
Barclays U.S. Inflation Linked Bond Index	+1.91%
Difference (percentage points)	+0.12

- The U.S. Treasury 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 – P Series](#) for more information about the funds. This is not an offer to purchase securities.
- ⁱⁱ The benchmark for the Inflation Protection Fund was 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 through January 31, 2023. Effective February 1, 2023, the benchmark for the Inflation Protection Fund is 90% Bloomberg U.S. Treasury Inflation-Linked Bond Index 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.