

June 2022 Investment Report

Highlights

- Markets fell in June as investors grew increasingly concerned about high inflation, lower consumer spending, rising interest rates and recession risk.
- The S&P 500 Index of U.S. stocks declined 8.3%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, declined 9.0%. The Bloomberg U.S. Aggregate Bond Index returned -1.6%.
- U.S. inflation reached 8.6%, its highest level in 40 years. Inflation in the euro-area increased to 8.6%, its highest level since the launch of the euro in 1999.
- The U.S. Federal Reserve (Fed) raised its overnight lending rate by 0.75%.
- Implications from the war in Ukraine continue to affect global economies, including price levels in the energy and agricultural sectors. Related economic, political and safety risks are expected to have long-lasting effects. The European Union (E.U.) is considering Ukraine's request to join. Sweden and Finland are on course to join North Atlantic Treaty Organization (NATO).
- The U.S. Department of Labor reported that employers added 372,000 non-farm jobs in June. The unemployment rate remained at 3.6%.
- The International Equity Fund, Inflation Protection Fund and Multiple Asset Fund outperformed in June, while the U.S. Equity Fund and Fixed Income Fund underperformed their respective benchmarks.

Monthly Overview

Worst first half for S&P 500 since 1970, fixed income markets also decline

Higher inflation, lower consumer spending and confidence, lower home sales, lower manufacturing surveys, and rapid increases in overnight interest rates by central banks have markets worried about the possibility of a recession. The S&P 500 lost 20% during the first half of the year, its worst first-half performance since 1970. The selloff was broad, with all sectors except energy down year to date.

In fixed income markets, the Bloomberg U.S. Treasury Index decreased 0.9%, and the Bloomberg Credit Index decreased 2.6%. The U.S. Dollar Index (DXY), an index that tracks the value of the U.S. dollar relative to the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc, increased 2.9% in June.

Inflation remains at its highest level in 40 years

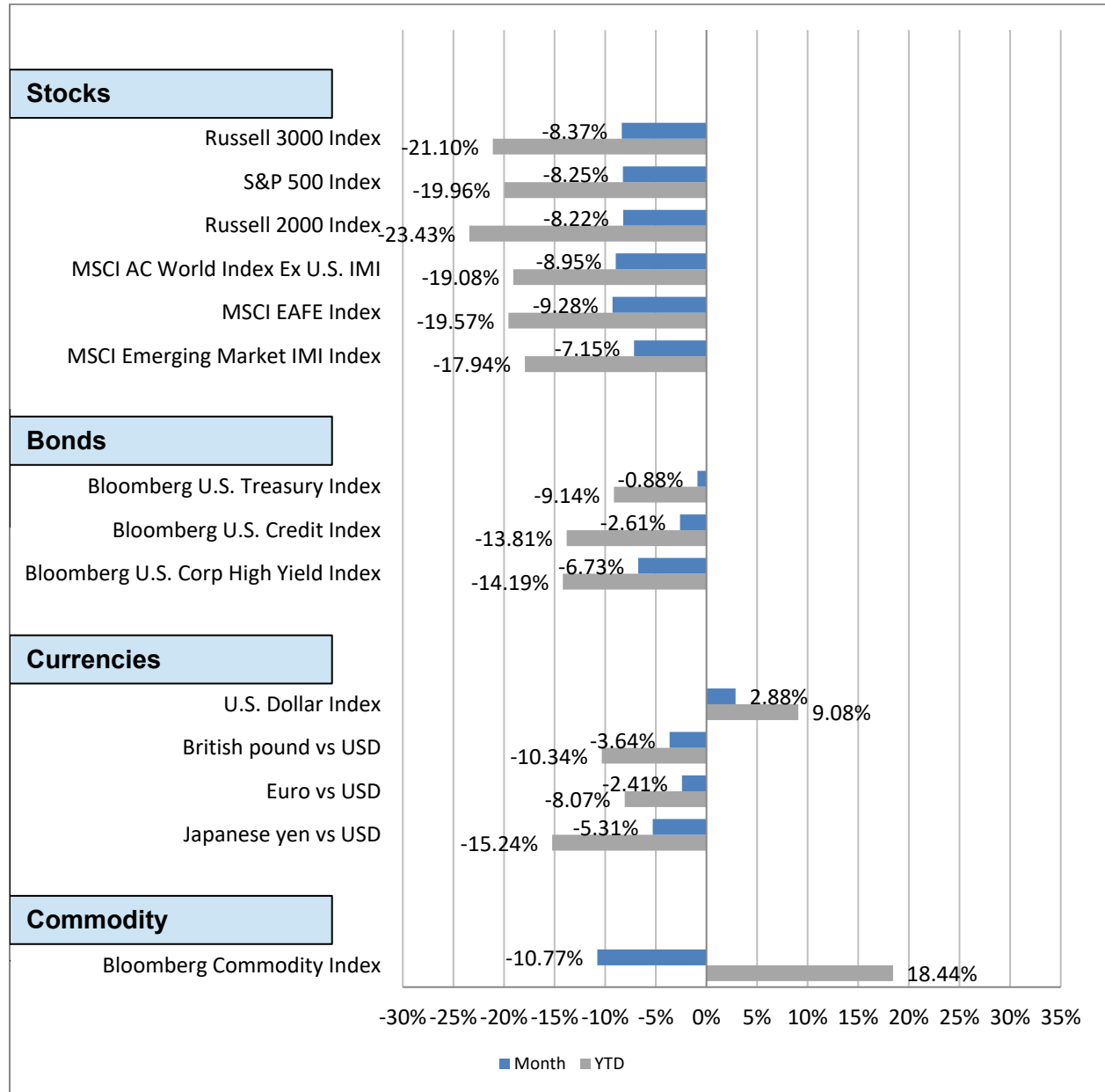
The U.S. Consumer Price Index (CPI), a measure of the prices paid for consumer goods and services, increased 8.6% for the 12 months ending in May. The May number is an increase from the 8.3% reported in April. Core CPI, which excludes the more-volatile food and energy sectors, rose 6.0%. Both increases were higher than expected.

Fed increased the benchmark interest rate by 0.75%

The Fed raised its benchmark Federal Funds interest rate by 0.75% at the June 15 policy meeting, its most aggressive increase since 1994. Central banks across Switzerland, England, Argentina, Brazil and Taiwan also increased rates. Fed Chair Jerome Powell indicated anticipated ongoing increases in the benchmark rate could be appropriate. The Fed will continue to reduce its balance sheet by selling U.S. Treasury holdings, agency debt, and agency mortgage-backed securities. Fed policy is a key focus for investors, as tightening monetary policy can reduce economic growth.

Sources: Commerce Department, Reuters, Wall Street Journal, JP Morgan, Bloomberg, FactSet, and Refinitiv.

Market Performance



Source: FactSet, as of June 30, 2022.

Key Monthly Economic Statistics

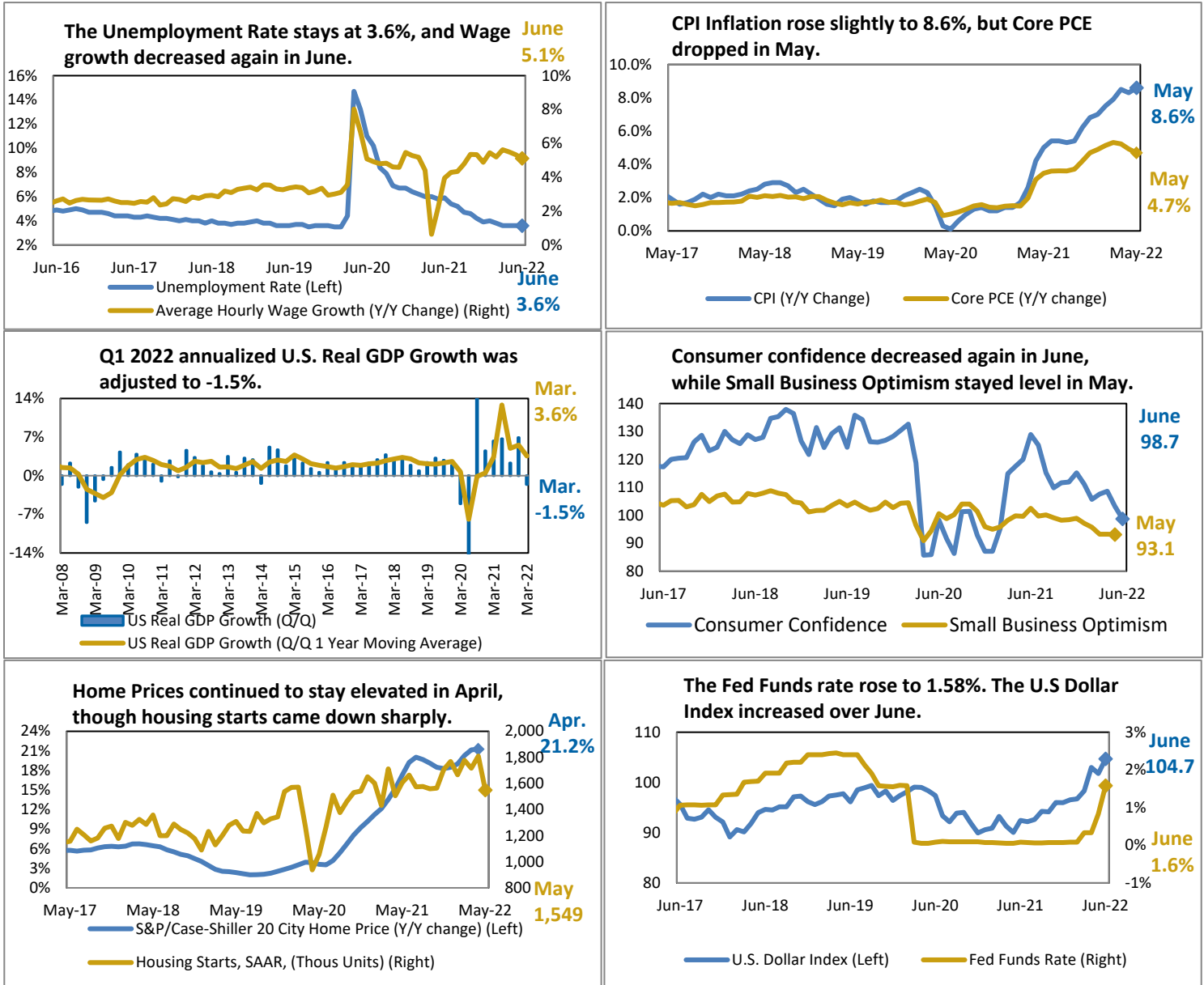
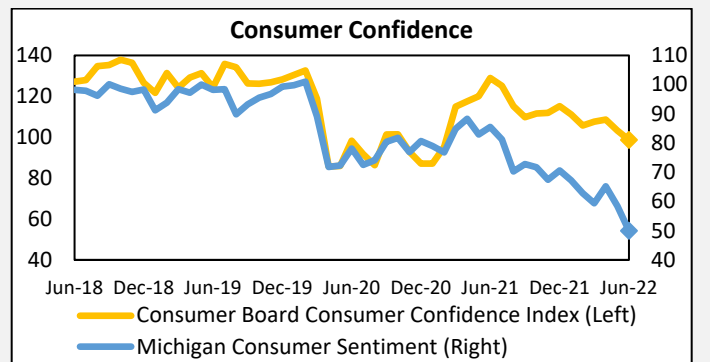


Chart of the Month

- According to consumer surveys like the University of Michigan Consumer Sentiment Index and the Conference Board Consumer Confidence Index, consumer confidence has significantly decreased since a year ago.
- A decline in consumer sentiment foreshadows a further decrease in consumer spending, the largest contributor to gross domestic product (GDP) in the U.S.
- Declining sentiment, high inflation and the Fed interest rate hikes, increases the possibility of a recession.



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

Equity Funds

U.S. Equity Fund

Fund	June	QTD	YTD
U.S. Equity Fund	-8.55%	-17.07%	-21.84%
Russell 3000 Index	-8.37%	-16.70%	-21.10%
Difference (percentage points)	-0.18	-0.37	-0.74

- During the month, the fund modestly underperformed its benchmark as half of its active managers outperformed their respective benchmarks while half underperformed.
- During the quarter, the fund underperformed its benchmark mainly due to most active managers underperforming their respective benchmarks. Specifically, investments in growth-oriented stocks in the information technology sector detracted the most from relative performance.
- Year to date, the fund underperformed its benchmark due to the majority of active managers underperforming their respective benchmarks, an overweight to poor performing small- and mid-cap growth stocks, and not holding stocks excluded in accordance with Wespath's Exclusions Policy (described [here](#)). To a lesser extent, an underweight to mega-cap technology stocks and dedicated holdings in alternatives, contributed positively to benchmark-relative performance.

International Equity Fund

Fund	June	QTD	YTD
International Equity Fund	-8.08%	-14.21%	-21.99%
MSCI ACWI ex U.S. Investable Market Index (Net)	-8.95%	-14.28%	-19.08%
Difference (percentage points)	+0.87	+0.07	-2.91

- During the month, the fund outperformed its benchmark due to outperforming emerging market holdings and dedicated investments in private equity and private real estate.
- During the quarter, the fund's dedicated investments in alternatives also positively contributed to benchmark-relative performance, while underperforming holdings in growth-oriented stocks detracted from relative performance.
- Year to date, the fund underperformed its benchmark mainly due to poor performing investments held by growth-oriented active managers. Specifically, underperforming investments in e-commerce platform companies were meaningful detractors.

U.S. Equity Index Fund

Fund	June	QTD	YTD
U.S. Equity Index Fund	-8.45%	-16.88%	-21.35%
Russell 3000 Index	-8.37%	-16.70%	-21.10%
Difference (percentage points)	-0.08	-0.18	-0.25

- The U.S. Equity Index Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses.

Fixed Income Funds

Fixed Income Fund

Fund	June	QTD	YTD
Fixed Income Fund	-2.64%	-6.12%	-11.63%
Bloomberg U.S. Universal (ex MBS) Index	-2.12%	-5.48%	-11.57%
Difference (percentage points)	-0.52	-0.64	-0.06

- In June, allocations to U.S. agency commercial mortgage-backed securities and the Positive Social Purpose Lending Program added to benchmark-relative performance, but allocations to emerging market debt and high-yield-rated corporate bonds detracted. Manager security and sector selection were neutral for the period.
- During the second quarter, allocations to U.S. agency commercial mortgage-backed securities and the Positive Social Purpose Lending Program added to benchmark-relative performance, while allocations to emerging market, global developed countries and high-yield-rated corporate debt detracted. Manager security and sector selection detracted for the period.
- Year to date, the fund modestly underperformed its benchmark. The allocation to emerging market and high-yield-rated corporate debt detracted from relative performance. The allocation to U.S. agency commercial mortgage-backed securities, alternatives and the Positive Social Purpose Lending Program positively contributed to relative performance. Manager security and sector selection were positive for the period.

Extended Term Fixed Income Fund

Fund	June	QTD	YTD
Extended Term Fixed Income Fund	-2.58%	-9.02%	-16.77%
Bloomberg U.S. Government/Credit Long Term Index	-2.98%	-12.27%	-21.88%
Difference (percentage points)	+0.40	+3.25	+5.11

- The fund's policy of maintaining a lower sensitivity to interest rate movements until interest rates return to more "normal" levels was the largest contributor to positive benchmark-relative performance for the month, quarter and year-to-date periods.

Inflation Protection Fund

Fund	June	QTD	YTD
Inflation Protection Fund (IPF)	-3.70%	-5.44%	-4.26%
IPF Benchmark ⁱⁱ	-4.35%	-8.85%	-8.34%
Difference (percentage points)	+0.65	+3.41	+4.08

- The fund's underweight allocation to U.K. inflation-linked securities was the largest contributor to positive benchmark-relative performance for the quarter and year-to-date periods.
- The fund's diversifying allocations to senior bank loans and high-yield-rated asset-backed securities contributed positively to benchmark-relative performance for the month, quarter and year to date.

Balanced Fund

Multiple Asset Fund

Fund	June	QTD	YTD
Multiple Asset Fund (MAF)	-6.42%	-12.33%	-17.57%
MAF Benchmark ⁱⁱⁱ	-6.58%	-12.43%	-16.86%
Difference (percentage points)	+0.16	+0.10	-0.71

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

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	June	QTD	YTD
Social Values Choice Bond Fund	-1.90%	-5.58%	-11.16%
Bloomberg U.S. Universal (ex MBS) Index	-2.12%	-5.48%	-11.57%
Difference (percentage points)	+0.22	-0.10	+0.41

- The fund's duration positioning added to benchmark-relative performance in June, the second quarter and year to date. Security selection in investment-grade corporate bonds and non-agency CMBS bonds detracted from benchmark-relative performance in all periods.

Social Values Choice Equity Fund

Fund	June	QTD	YTD
Social Values Choice Equity Fund (SVCEF)	-7.83%	-15.70%	-21.34%
SVCEF Benchmark ^{iv}	-7.90%	-15.94%	-21.38%
Difference (percentage points)	+0.07	+0.24	+0.04

- The Social Values Choice Equity Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. The fund's fair market valuation policy (described [here](#)) positively impacted benchmark-relative performance during all periods shown.

U.S. Treasury Inflation Protection Fund

Fund	June	QTD	YTD
U.S. Treasury Inflation Protection Fund	-3.28%	-6.77%	-9.61%
Bloomberg U.S. Inflation Linked Bond Index	-3.30%	-6.57%	-9.66%
Difference (percentage points)	+0.02	-0.20	+0.05

- 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 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.