

March 2022 Investment Report

Highlights

- The S&P 500 Index of U.S. stocks increased 3.7% in March, but the Bloomberg U.S. Aggregate Bond Index declined 2.8%.
- The Consumer Price Index for February increased 7.9% from a year ago, reflecting the highest year-over-year inflation since 1982.
- The U.S. Federal Reserve (Fed) increased the Fed Funds rate by 0.25% and signaled more rate hikes to come.
- The Labor Department reported that U.S. employers added 431,000 nonfarm jobs in March, and the unemployment rate decreased to 3.6%. March marked the 11th straight month of job gains above 400,000 in the longest streak since 1939.
- Russia's invasion of Ukraine continued, with more than 300 global companies scaling back or discontinuing operations in Russia.
- FIF and IPF outperformed, while USEF, IEF and MAF underperformed their respective benchmarks for March.

Monthly Overview

Stocks and Commodities Increased in March

The S&P 500 Index of U.S. stocks increased 3.7% in March following two monthly declines, but the index ended the quarter lower by 4.6%. For the month, international developed market stocks increased 0.6%, but emerging market stocks declined 1.7%, as measured by MSCI EAFE Index and MSCI Emerging Market Index, respectively. Russia's large-scale military invasion into Ukraine continued to create volatility and uncertainty in markets for energy, agricultural and industrial metals commodities. Rising prices for crude oil pushed gasoline prices to record levels in March, prompting President Biden to authorize the release of oil from the U.S. strategic reserve to alleviate supply concerns. The Bloomberg Commodity Index increased 8.7% during the month and 25.6% during the quarter.

Bond Prices Decreased

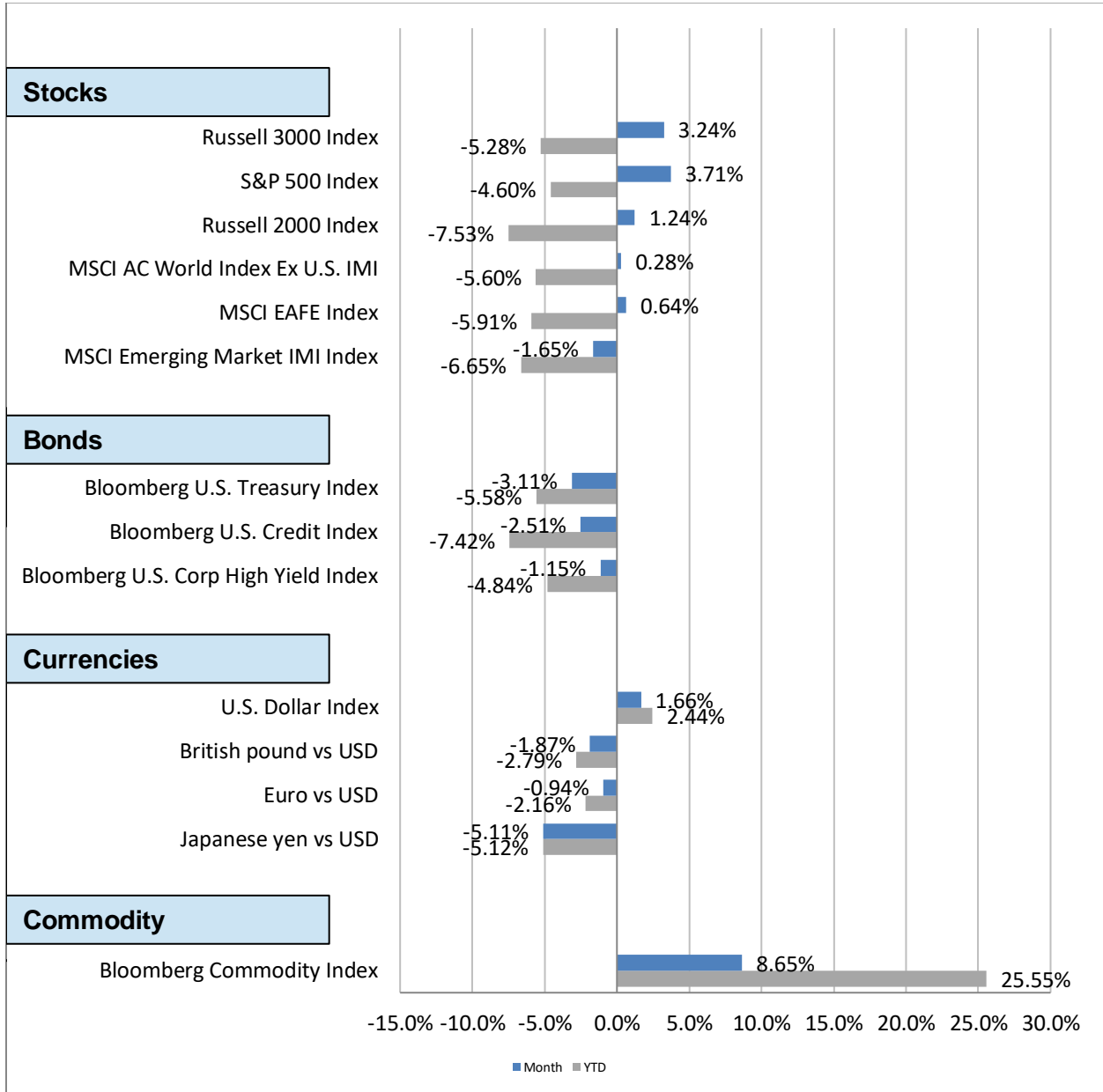
Fixed income markets decreased for the third consecutive month in March. The Bloomberg U.S. Aggregate Bond Index declined 2.8% for the month and 5.9% during the quarter in its worst quarterly performance since 1980. Bond prices decrease when yields increase, and this trend continued amid expectations that the Fed will need to raise interest rates more aggressively than previously anticipated. The 10-year U.S. Treasury note yield ended March at 2.32%, 0.49% higher for the month and 0.81% higher for the quarter. The yield curve flattened as the 2-year Treasury note yield increased 0.86% during March to 2.29%, nearly matching the yield on the 10-year note.

The U.S. Federal Reserve Combats Inflation

Lingering pandemic-induced supply disruptions, difficulty filling job openings and rising commodity prices pushed the Consumer Price Index for February up 7.9% from a year ago in the highest year-over-year inflation since 1982. The Fed increased its Fed Funds interest rate by a quarter of a percent at its March meeting in a step to address the persistently high inflation. Fed meeting participants projected the equivalent of six 0.25% rate hikes during 2022, up from their December 2021 projection for three hikes in 2022. Fed Chair, Jerome Powell, signaled the possibility of more aggressively increasing rates by greater than 0.25% at future meetings. He additionally signaled that the Fed expects to announce plans to begin reducing its bond holdings at an upcoming meeting, further tightening monetary policy.

Sources: BLS, Reuters, Wall Street Journal, CNN, Seeking Alpha, CNBC, and the New York Times.

Market Performance



Source: FactSet, as of March 31, 2022

Key Monthly Economic Statistics

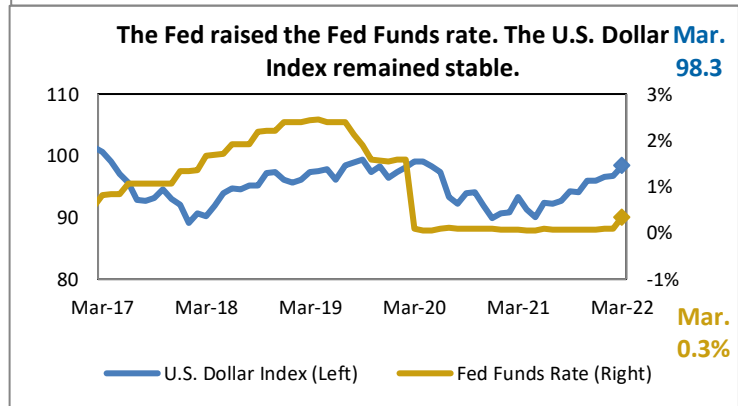
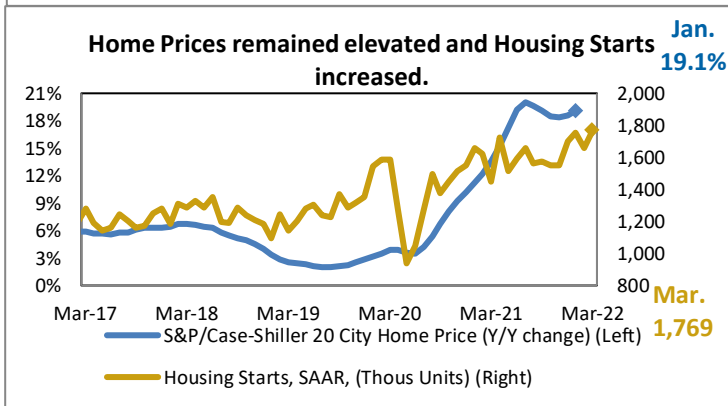
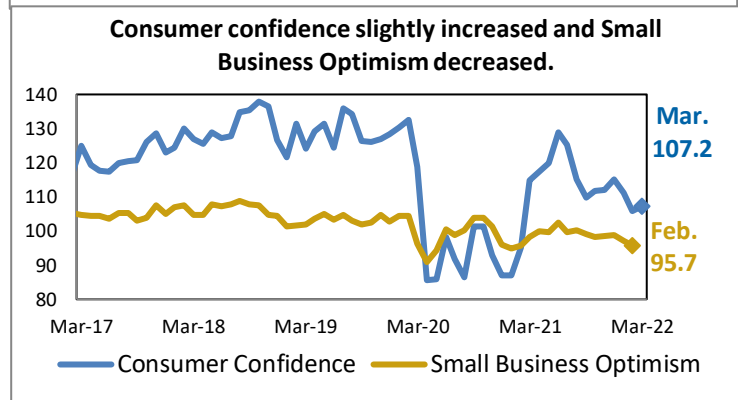
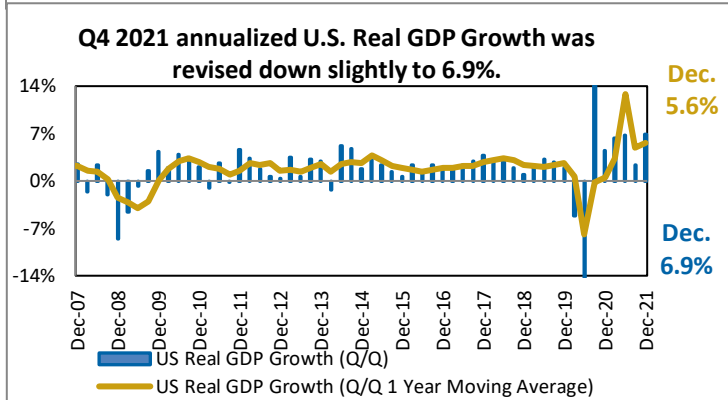
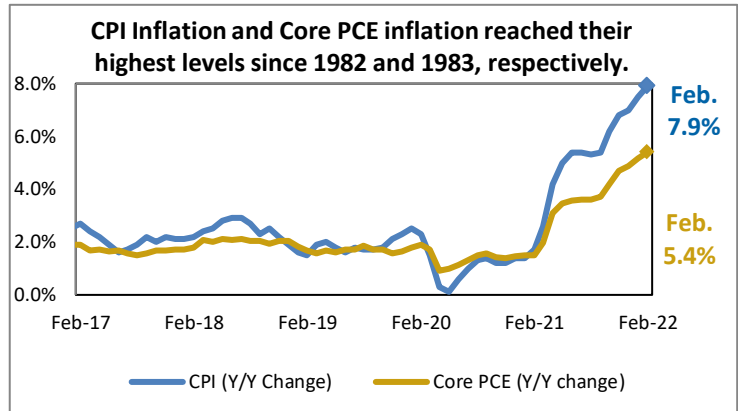
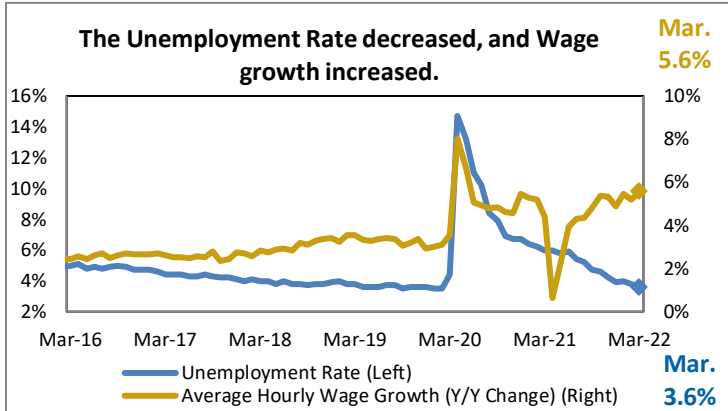
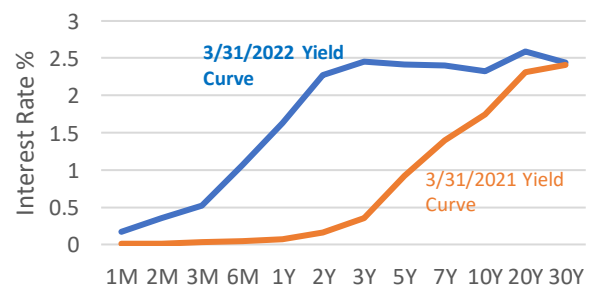


Chart of the Month

- The Federal Reserve delivered the first interest rate hike in over three years to combat rising inflation.
- The shift to a flatter yield curve reflects the market's anticipation of near-term rate hikes.
- The market is showing signs of skepticism that economic growth will be able to keep pace in a higher interest rate environment.
- Investors will be watching to see if the yield curve inverts, which could signal greater potential for a recession.

Yield Curve Comparison



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

Equity Funds

U.S. Equity Fund

Fund	March	YTD
U.S. Equity Fund	+2.21%	-5.76%
Russell 3000 Index	+3.24%	-5.28%
Difference (percentage points)	-1.03	-0.48

- During the month and year to date, the fund underperformed its benchmark. During both periods, poor performing investments by growth-oriented active managers meaningfully detracted from relative performance. During March the fund was also negatively impacted by an underweight to strong performing mega-cap companies and corresponding overweight to small- and mid-cap growth stocks. Year to date, the fund's overweight to small- and mid-cap growth stock also detracted, along with stocks excluded in accordance with Wespath's Exclusions Policy (described [here](#)).

International Equity Fund

Fund	March	YTD
International Equity Fund	-1.18%	-9.07%
MSCI ACWI ex U.S. Investable Market Index (Net)	+0.28%	-5.60%
Difference (percentage points)	-1.46	-3.47

- During the month and year to date, the fund underperformed its benchmark mainly due to poor performing investments held by growth-oriented active managers. Specifically, investments in e-commerce platform companies underperformed during both periods. The fund's fair market valuation policy (described [here](#)) negatively impacted benchmark-relative performance.

U.S. Equity Index Fund

Fund	March	YTD
U.S. Equity Index Fund	+3.36%	-5.38%
Russell 3000 Index	+3.24%	-5.28%
Difference (percentage points)	+0.12	-0.10

- 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	March	YTD
Fixed Income Fund	-2.26%	-5.88%
Barclays U.S. Universal (ex MBS) Index	-2.71%	-6.45%
Difference (percentage points)	+0.45	+0.57

- There were no significant detractors from benchmark-relative performance in March. The fund's allocations to high yield rated bonds, global bonds, opportunistic credit, the Positive Social Purpose Lending Program, and alternatives positively contributed to benchmark-relative performance. Manager selection was positive for the period.
- Year to date, the fund outperformed its benchmark. Allocation and manager selection in emerging market debt detracted from benchmark relative performance. The fund's allocations to below-investment grade rated bonds (high yield), global bonds, U.S. agency commercial mortgage-backed securities, the Positive Social Purpose Lending Program, alternatives, and opportunistic credit positively contributed to benchmark-relative performance. Manager selection was positive for the period.

Extended Term Fixed Income Fund

Fund	March	YTD
Extended Term Fixed Income Fund	-3.31%	-8.52%
Barclays U.S. Government/Credit Long Term Index	-3.93%	-10.95%
Difference (percentage points)	+0.62	+2.43

- The fund's policy of maintaining a lower sensitivity to interest rate movements until interest rates return to more normal levels contributed positively to benchmark-relative returns during the month and year-to-date periods.

Inflation Protection Fund

Fund	March	YTD
Inflation Protection Fund	+0.57%	+1.25%
IPF Benchmark ⁱⁱ	+0.22%	+0.56%
Difference (percentage points)	+0.35	+0.69

- The fund's policy for underweighting U.K. inflation-linked securities was the largest contributor to positive performance for the month and year-to-date periods.
- Additionally, in March, the modest overweight allocation to commodities and manager selection contributed positively to benchmark-relative performance. Overweight to U.S. and global inflation-linked bonds, and high yield rated asset-backed strategy detracted from the fund's benchmark-relative performance.
- Year-to-date, the fund's overweight allocation to commodities and manager selection in global bonds contributed positively to benchmark-relative performance. The fund's overweight allocation to U.S. inflation-linked bonds, floating-rate senior loans, and emerging market inflation-linked securities detracted from the fund's benchmark-relative performance.

Balanced Fund

Multiple Asset Fund

Fund	March	YTD
Multiple Asset Fund	-0.03%	-5.98%
MAF Benchmark ⁱⁱⁱ	+0.56%	-5.06%
Difference (percentage points)	-0.59	-0.92

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

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	March	YTD
Social Values Choice Bond Fund	-2.56%	-5.92%
Barclays U.S. Universal (ex MBS) Index	-2.71%	-6.45%
Difference (percentage points)	+0.15	+0.53

- The fund's duration positioning, security selection in high-yield corporate bonds and exposure to securitized assets contributed positively to benchmark-relative performance during the month and year to date. Allocations to emerging market debt detracted from relative performance.

Social Values Choice Equity Fund

Fund	March	YTD
Social Values Choice Equity Fund	+2.72%	-6.69%
SVCEF Benchmark ^{iv}	+2.89%	-6.48%
Difference (percentage points)	-0.17	-0.21

- 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](#)) negatively impacted benchmark-relative performance for the month and year to date.

U.S. Treasury Inflation Protection Fund

Fund	March	YTD
U.S. Treasury Inflation Protection Fund	-1.66%	-3.04%
Barclays U.S. Inflation Linked Bond Index	-1.93%	-3.31%
Difference (percentage points)	+0.27	+0.27

- 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.

