

Wespath Institutional Investments – Q & A

- **What are Wespath Institutional Investments and the *I Series* of funds?**

The natural next step in the evolution of Wespath’s services, Wespath Institutional Investments, LLC is a not-for-profit investment management organization dedicated to serving a broader range of institutional investors which are related to The United Methodist Church (UMC). This allows Wespath to widen its reach to institutional investors such as hospitals, universities and others.

Investors will have access to the *I Series* of funds, a line of globally diversified, multi-manager funds available solely to institutional investors. The funds are:

Fixed Income Fund–I Series	Short Term Investment Fund–I Series
Inflation Protection Fund–I Series	U.S. Equity Fund–I Series
International Equity Fund–I Series	U.S. Equity Index Fund–I Series
Multiple Asset Fund–I Series	U.S. Treasury Inflation Protection Fund–I Series

- **Why is Wespath launching Wespath Institutional Investments?**

Expanding Wespath’s institutional client base and establishing the *I Series* of funds ultimately strengthens our ability to serve organizations dedicated to furthering the mission of the UMC.

Managing endowment and foundation assets—separately from the assets managed on behalf of participants and plan sponsors—will benefit all investors. This approach will provide the flexibility to customize investment solutions to meet the unique needs of each investor over the long-term, while participants and institutional clients can jointly benefit from the improved economies of scale associated with asset growth across the overall Wespath organization.

Wespath will provide the new funds through Wespath Institutional Investments, LLC, a subsidiary corporation, which will manage the *I Series* of funds. Wespath’s existing funds are managed through the related subsidiary corporation, UMC Benefit Board, Inc.

- **When will Wespath Institutional Investments and the *I Series* of funds launch?**

Wespath Institutional Investments and *the I Series* of funds will launch on January 2, 2019.

- **What is Wespath Institutional Investments’ leadership structure?**

Members of Wespath Benefits and Investments’ existing Senior Leadership Team will serve as officers to oversee the management and operations of Wespath Institutional Investments. Key officers will include:

- Barbara Boigegrain, Chief Executive Officer and General Secretary of Wespath Benefits and Investments, will serve as Wespath Institutional Investments Board Chair.

- Bill Kavanaugh, Wespath Benefits and Investments Chief Operating Officer, will also serve as Chief Executive Officer of Wespath Institutional Investments.
- Dave Zellner, Wespath Benefits and Investments Chief Investment Officer (CIO), will also serve as CIO of Wespath Institutional Investments.

Mr. Zellner will lead Wespath's 21-strong investments team. This tenured team will manage the *I Series* of funds on behalf of Wespath Institutional Investments, as well as its existing diversified funds on behalf of Wespath's benefit plan sponsors, and over 100,000 participants and beneficiaries.

Additionally, the Wespath Institutional Investments Board of Directors will be composed of a majority of directors from the Wespath Benefits and Investments board.

- **To what extent is the launch of Wespath Institutional Investments a way to prepare for a possible split in the Church?**

Wespath has always served, and will continue to serve, institutions with common bonds and convictions to the UMC. Launching Wespath Institutional Investments and establishing the *I Series* of funds will allow Wespath to continue to serve the Church in whatever form it takes in the future.

I Series of Funds – Q&A

- **What determines which institutions will be eligible to invest in Wespath's *I Series* of funds or Wespath's existing funds?**

Generally, endowment and foundation clients will be eligible to invest in the *I Series* of funds, while benefit plan-related assets, such as those managed on behalf of participants, and annual conference assets commonly used to fund benefit plans, as well as certain UMC General Agency assets will be eligible to invest in Wespath's existing funds.

- **How is the *I Series* fund lineup different from Wespath's existing fund offering?**

The range of funds established as part of the *I Series* will be similar to Wespath's existing funds. Institutional investors will be able to access many of the same types of funds in which they have historically invested. Wespath anticipates that it will add new funds to the *I Series* over time.

One difference in the fund lineups is that the Social Values Choice Equity Fund (SVCEF) and the Social Values Choice Bond Fund (SVCBF) will only be available through Wespath's existing fund line. However, Wespath will consider creating *I Series* versions of these funds if warranted by client demand.

We encourage institutional investors interested in investing in the Social Values Choice strategies to contact the Institutional Investment Services team at **847-866-4100** or at **InvestmentInfo@wespath.org** for more information.

- **How will the *I Series* funds be managed?**

The *I Series* of funds and the existing funds will apply Wespath's robust investment policies and guidelines, which are designed to provide competitive long-term risk-adjusted returns, while upholding the values of the UMC. Wespath's existing tenured investment team will manage both fund lines, applying all ten of Wespath's Investment Beliefs. In addition, Wespath's globally-

recognized Sustainable Investment Strategies, which aim to have a positive financial, environmental and social impact, will apply to all funds.

The two fund lines will be managed using substantially similar investment strategies. For example, at the launch of the *I Series*, the Fixed Income Fund and the *Fixed Income Fund-I Series* are intended to share characteristics like duration, credit quality and maturity.

There will be some differences in the modest allocations to alternative investments in the various funds, but long-term, Wespath does not expect that these differences will have a material impact on investment performance.

- **Will performance be different for the two fund lines?**

Wespath expects that the performance of the two lines will be very similar. However, we also expect that performance will slightly vary due to the timing of cash flows, slight variations in the allocations to the funds' sub-advisors, differences in initial allocations to the funds' modest alternative investment allocations, and other minor differences between the two fund lines.

- **Will expense ratios (fees) be different for the two fund lines?**

Expense ratios may vary year-over-year. Given that the fund lines follow substantially similar investment strategies, we expect that fees for both funds will generally align. However, there may be deviations due to, among other things, differences in service provider fees, portfolio size and timing of cash flows.

- **When will existing foundation and endowment assets be transferred to the *I Series* of funds?**

Endowment and foundation assets will be transferred to the *I Series* of funds on January 1, 2019.

- **How do I get more information on Wespath Institutional Investments and the *I Series* of funds?**

Wespath will continue to provide more information on the launch of the *I Series* of funds. More information will be available by:

- Visiting Wespath's website, Wespath.org
- Accessing institutional account information through the Wespath Portal
- Contacting a member of the Institutional Investment Services team at **847-866-4100** or at InvestmentInfo@wespath.org