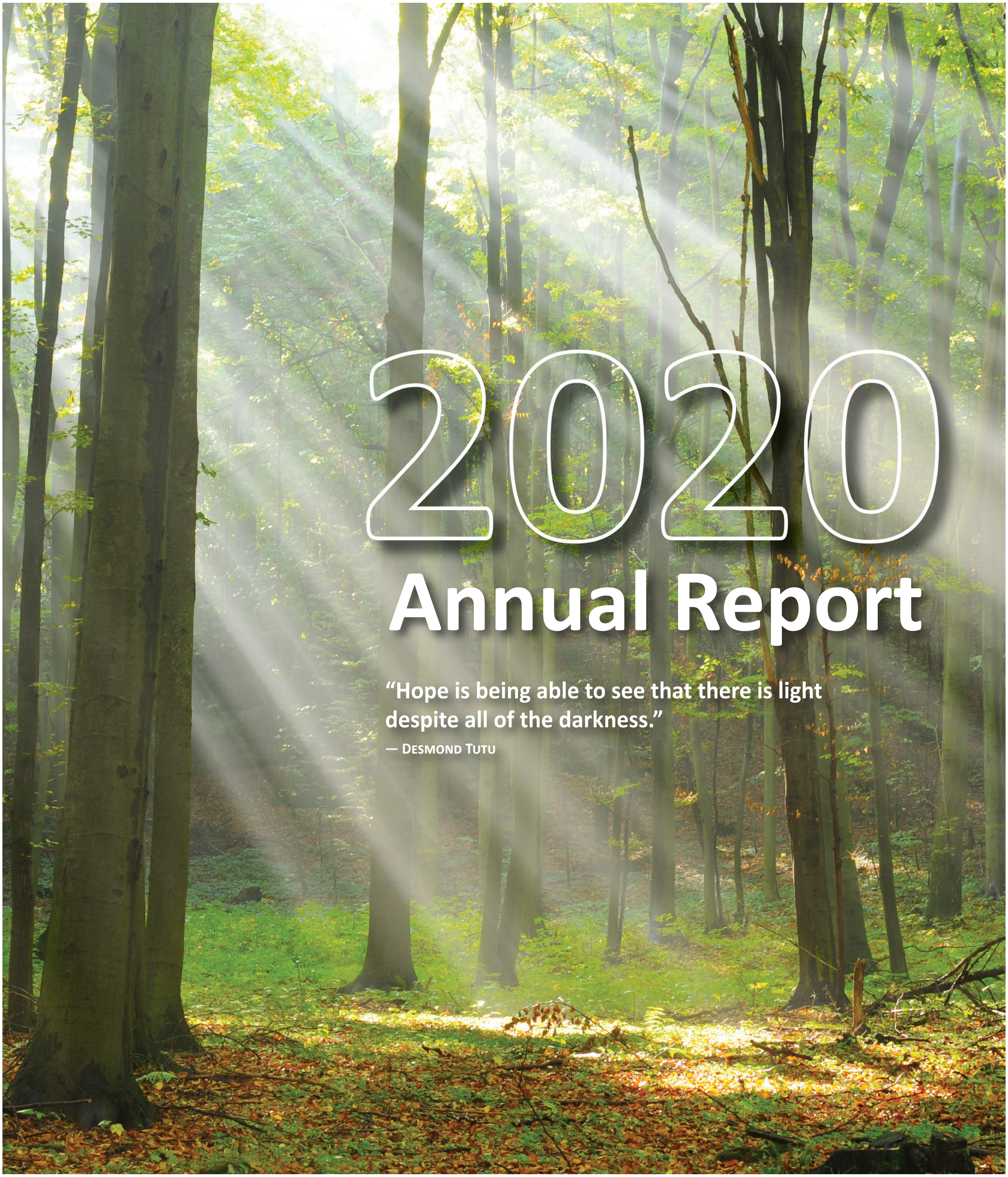
Wespath
BENEFITS | INVESTMENTS



2020 Annual Report

"Hope is being able to see that there is light despite all of the darkness."
— Desmond Tutu

a general agency of The United Methodist Church

Table of Contents

A Message from the Chairperson of the Board and the General Secretary

Resilience and Performance in a Year Like No Other

In a year filled with darkness, Wespath focused on its steadfast commitment to our mission of caring for those who serve.

Nearly all Wespath employees worked from home for most of the year—yet service to our constituents remained the bedrock of our mission, as it has since 1908. We responded to nearly 8% more participant requests in 2020 compared with 2019, despite our Customer Service specialists working from home and dealing with technological and personal challenges. Much of this increase was driven by the pandemic, including requests for coronavirus-related distributions (CRDs) and loan repayment delays as established by the federal CARES Act*, and a sharp increase in processing survivor (death) benefits for clergy families who experienced a loss (up 17.5% April through December 2020 compared with the same period in 2019).

> “**Hope** is being able to see that there is **light** despite all of the darkness.”
>
> **Desmond Tutu**

In a year when so many faced economic despair and social unrest, we analyzed our own activities and support, striving to keep an even keel for our investors, participants and employees. While Wespath and its subsidiaries saw assets under management decline sharply as markets fell in the early weeks of the pandemic, market upturns later in the year and 2020's overall robust market performance helped lift assets under management to a record high. We finished the year with over $28 billion under management—demonstrating financial stamina as the fiduciary steward for over 100,000 participants and more than 130 institutional investors. These assets are crucial for sustaining benefits promised over the next 50 years and beyond and for helping institutional clients reach their goals.

Like many others, this agency mustered resilience in the face of challenge and uncertainty. Our ability to maintain a disciplined investment approach amidst upheaval stemmed from flexibility in an unprecedented year, a foundation rooted in core business priorities, and a firm commitment to our stewardship duty to those we serve.

Lighting the Way

Where others may still see darkness, we see signs of light. We witnessed local churches use technology to connect with people who rarely sit in pews—yet who hungered for spiritual nourishment in a year of separation and sadness. We watched churches and communities minister in extraordinary ways to feed the hungry, care for the sick, and shelter the stranger among us. Our own employees generously donated more than $14,000 this year to a new #WespathCares initiative, which supports front-line workers and individuals hard-hit by the pandemic as well as organizations committed to positive change that can help society eradicate the sin of systemic racism.

* CARES Act: Coronavirus Aid, Relief and Economic Security Act

We are confident that the future will bring fresh possibilities.

As a faith-based investor, Wespath is driven to promote good in the world. Most notably, our Positive Social Purpose (PSP) Lending Program reached a 30-year milestone anniversary in 2020. The PSP Lending Program is a pillar of Wespath's impact investing strategy and invests in loans that support affordable housing and community development in underserved areas across the U.S. and microfinance opportunities in developing countries. This program aligns with Wespath's belief that we can enrich communities while fulfilling our fiduciary obligations to those we serve.

Bridge to the Future

2020 will be remembered as a year of challenge. 2021 appears to be a year of transition—for this agency and the Church we serve.

Wespath continues to position itself for the long-term. With postponement of General Conference due to the pandemic, The United Methodist Church (UMC) awaits vital decisions that will steer its future and influence how Wespath serves a segmented Methodist environment. Wespath is ready for whatever may emerge in the wake of General Conference. We have spent years preparing for varied contingencies and are on firm footing to continue protecting both participant and institutional assets of the UMC and related faith expressions well into the 21st Century.

2021 also will bring a transition in Wespath leadership. Barbara intends to retire in late 2021 after 27 years leading this agency, and a new Board of Directors will likely be installed after General Conference in 2022. Fortunately, Bishop Schnase will continue to chair the board during this time of transition, and both he and Bishop Paul Leeland (board chair 2012-16 quadrennium) will stay on through the next quadrennium. We have been honored to steer this agency through unparalleled growth and remain optimistic about the opportunities ahead.

Yours in service to Christ,

Bishop Robert Schnase
Chairperson,
Board of Directors

Barbara A. Boigegrain
General Secretary
and Chief Executive Officer

A Message from the Chief Investment Officer

2020 was a year unlike any we have ever experienced—the COVID-19 pandemic swept across the globe, leaving economic devastation in its wake; unrest transpired as movements for social and racial justice reached the world stage; political dissonance reached new heights; and the impacts of climate change accelerated, while the disparity of those adversely affected intensified. These events impacted markets and economies, leaving investors to wonder about the risks and opportunities presented.

While the events of 2020 introduced new investment considerations, Wespath has a tried-and-true investment framework in place to address emerging topics as we continue the prudent stewardship of the assets entrusted to us. We invest for the long-term on behalf of our benefit plan participants and institutional investors, guided by our Investment Beliefs. These Beliefs reflect our macroeconomic views and expectations regarding the drivers of future economic growth.

"**Ironically** enough, if an investor had gone "**off the grid**" in early 2020, returned as the year ended, and judged the year solely by their investment returns, one would have assumed that **all was right** in the world."

Diverging Market and Economic Recoveries

Ironically enough, if an investor had gone "off the grid" in early 2020, returned as the year ended, and judged the year solely by their investment returns, one would have assumed that all was right in the world. We, of course, know this was not the case.

In March, amid the full onset of the virus, we watched as the U.S. stock market lost a third of its value in the record time of four weeks. Aggressive U.S. and global fiscal and monetary stimulus quickly followed, leading to markets sharply rebounding—ultimately recouping all losses to end the year with nearly 20% gains. The small-cap Russell 2000 Index rose 100% off its March lows. 2020 also saw several "new economy" stocks—those centered around the powerhouse of technology growth—doubling, tripling, quadrupling, and in the case of automaker Tesla, rising eight and a half times its beginning-of-year price!

Unfortunately, this swift recovery did not extend to all areas of the economy. Despite the strong market rebound, U.S. economic output contracted 3.5% during the year, remaining meaningfully below its trending growth rate prior to the pandemic.

Many economists pointed to a "K-shaped" recovery—one that is unequal across industries and groups of people. For example, while workers in financial and information services were quick to adapt to the new normal by working remotely, workers in other industries, such as travel, hospitality and food services, many of whom are low-paid, fell further behind as their jobs disappeared. The U.S. unemployment rate remains nearly twice its level prior to the pandemic. The rest of the developed world fared similarly—China was the only major economy to expand in 2020, a result of its government's strict virus quarantine measures that allowed for a more rapid economic recovery.

Elsewhere, economic signals are unclear. While U.S. corporate profits declined every quarter, declines were less than originally expected at the onset of the pandemic. Consumer confidence steadily improved, though it remains below levels from a year ago. Interest rates reached record lows in March, sending 30-year mortgage rates to their own historical lows. These low rates, combined with demand for more remote work and learning space, led to a robust housing market.

While all the funds offered by Wespath and its subsidiaries produced positive investment results in 2020, there were several notable benchmark-relative outperformers.

Wespath's International Equity Fund – P Series returned 19.67%, outperforming its benchmark, the MSCI All Country World Index (ACWI), by over eight and a half percentage points. In addition, Wespath's U.S. Equity Fund – P Series returned 26.17%, outperforming its benchmark, the Russell 3000 Index, by over five percentage points. The outperformance of these equity funds was due in large part to the funds' investment managers outperforming as they collectively positioned their portfolios to succeed through the pandemic. Finally, these two equity funds positively impacted our flagship diversified Multiple Asset Fund – P Series, which outperformed its benchmark by over four percentage points.

Responding to Emerging Issues Using Our Sustainable Economy Framework

Wespath's sustainable economy vision and framework have never been more essential to forging a meaningful, coordinated path forward. A narrow, near-term response to the pandemic and other issues magnified in 2020—without broader, long-term systemic considerations—will threaten our collective ability to fulfill the investment goals of our stakeholders and the efficacy of long-term economic recovery.

Our Sustainable Economy Framework promotes economic prosperity for all, social cohesion and environmental health. We believe the transformation to a sustainable global economy will help ensure the development of healthy financial markets and resilient companies, ultimately improving market outcomes. This year, our framework provided guidance as we re-examined ongoing and emerging topics.

> "We **believe** that the transformation to a **sustainable global economy** will help ensure the development of healthy financial markets and resilient companies, ultimately **improving market outcomes**."

We signed the Investor Statement on Coronavirus Response, calling on members of the business community to demonstrate leadership in corporate citizenship and assist the communities where they conduct business. Notably, we joined other institutional investors urging companies to retain employees despite the economic impact of the pandemic.

With elevated attention to social justice issues, we joined like-minded investors signing onto the Investor Statement of Solidarity to Address Systemic Racism, urging companies to strengthen human capital management initiatives and foster greater diversity, equity and inclusion.

We also became the 22nd asset owner—second from the U.S.—to join the Net-Zero Asset Owner Alliance, pledging commitment to achieve net-zero carbon emissions in our investment portfolios by 2050. This effort aims to hasten the transition to a low-carbon economy and reduce the global imbalances created by climate change, ultimately influencing the development of stable financial markets and a healthier world for all of us.

“ This year Wespath and its subsidiaries raised **over $200 million** in institutional assets unrelated to benefits and welcomed **seven new partners**. ”

With all our sustainable initiatives, we urge our investment managers and asset owner peers to join our efforts that seek to achieve a sustainable global economy. When we work collectively to lower systemic risk, all investors win.

Finally, our commitment to impact investments continued as we celebrated the 30-year anniversary of our Positive Social Purpose (PSP) Lending Program. This program has invested over $2 billion in loans that promote affordable housing, community development and entrepreneurship among underserved populations worldwide. We look forward to continuing this impact investment work, which creates high-impact social benefits while seeking to deliver market-rate returns.

Focusing on the Future

We remain hopeful as we continue into 2021. While the International Monetary Fund (IMF) projects the global economy will grow 5.5% in 2021, concurrent with the rollout of COVID-19 vaccines and a return to some sense of normalcy that boosts economic growth, Wespath and its investment managers remain mindful of further risks to the economy. These risks may include the inability of governments around the world to efficiently deliver doses of the vaccine, uncertainty surrounding the shift in U.S. political power, accelerating inflation and debt resulting from unprecedented government stimulus packages, unsatisfactory outcomes from geopolitical issues and trade disputes, global civil unrest, and financial market disruptions from newly-emboldened groups of retail traders.

We carefully monitor these risks, but also remain firmly resolved in our long-term investment approach, which has shown resilience even in the most challenging times. In 2019 we took a step to strengthen our organization for future growth—we launched Wespath Institutional Investments (WII) and a new line of funds (*I Series* funds) for a broader range of United Methodist-related organizations. This year Wespath and its subsidiaries (including WII) raised over $200 million in institutional assets unrelated to benefits and welcomed seven new institutional investors.

The financial well-being of those we serve is our greatest responsibility. We will continue to rise to the challenge of unexpected global events and remain positioned to faithfully serve our institutional and participant stakeholders, providing and protecting for their futures.

Dave Zellner
Chief Investment Officer

2020 Highlights

All data as of December 31, 2020 unless otherwise noted

Serving Others

- Participants: **over 100,000**
- **Over 118,200** phone calls/emails answered from participants
- **11,600** participant education interactions
- Institutional clients: **over 130**

Central Conference Pensions

- **$12.40 million** in pension distributions since inception
- **$1.28 million** paid out in 2020
- **3,300** retirees and surviving spouses receiving support

Positive Social Purpose Lending Program

- **$22.96 million** in investment activity, including:
  - **555** new rental housing units across 10 projects in five states
- Over **$2 billion** invested since 1990

Assets Under Management

- **$28.37 billion**, with new inflows of more than **$200 million**

Impact Investing*

Women- and Minority-Owned Businesses

- Invested through women- and/or minority-owned asset management firms: **$2.31 billion**

Low-Carbon Investments

- Invested in low-carbon solutions: **$2.20 billion**

* Total assets invested

COVID-19 Support

CARES Act** relief for participants

- **499** coronavirus-related distributions ($6.98 million total)
- **186** loan repayment delays

** Coronavirus Aid, Relief and Economic Security Act

#WespathCares—Community Service

Support for COVID and social justice initiatives

- **$14,107** employee-funded donations
- **19 groups** supported: hospitals, food banks, senior care, students, front-line workers and organizations for social/racial equity

Cost of Operations

Wespath does not receive general Church funds to support the cost of its operations. Our operations (excluding certain direct plan expenses) are funded solely by passing through to our funds the investment management, bank custody, and administrative and overhead expenses. The annual cost from the three components, as a ratio to our average portfolio value, was **58.1 basis points** in 2020 and **57.4 basis points** in 2019.

Summary*

Financial Markets and Investment Results—*P Series*

Net-of-fees; as of 12/31/2020

Multiple Asset Fund – P Series (MAF-P)

Fund: +18.21% Benchmark[1]: +14.17%

Relative Performance (percentage points): ▲ 4.04

- MAF-P has a target allocation of 35 percent U.S. Equity Fund – P Series (USEF-P), 30 percent International Equity Fund – P Series (IEF-P), 25 percent Fixed Income Fund – P Series (FIF-P), and 10 percent Inflation Protection Fund – P Series (IPF-P), all of which gained in value in 2020. Domestic and international markets were lifted by unprecedented policy support launched in response to COVID-19.
- The USEF-P and IEF-P positively contributed to benchmark-relative performance for the year, while the FIF-P and IPF-P detracted from relative performance.

Total Assets: **$7,278M**

U.S. Equity Index Fund – P Series (USEIF-P)

Fund: +21.18% Benchmark[2]: +20.89%

Relative Performance (percentage points): ▲ 0.29

- USEIF-P benefited from the U.S. equity market's rally following pandemic-induced fiscal and monetary support. The fund also benefited from its exposure to e-commerce companies positioned well to succeed through the pandemic.
- The USEIF-P is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. Wespath's Exclusions Policy positively impacted benchmark-relative performance during the year.

Total Assets: **$71M**

U.S. Equity Fund – P Series (USEF-P)

Fund: +26.17% Benchmark[2]: +20.89%

Relative Performance (percentage points): ▲ 5.28

- USEF-P delivered robust performance in 2020 as the U.S. equity market rallied amid unprecedented policy support in response to COVID-19. The fund also benefited from its exposure to e-commerce companies, which thrived during pandemic-induced lockdowns.
- Outperformance was due largely to active managers outperforming their respective benchmarks because of investments in companies better positioned to succeed through the pandemic. Investments in private equity and private real estate detracted from relative performance for the year. The fund's strategic underweight to large-cap growth companies also detracted from relative performance.

Total Assets: **$7,448M**

International Equity Fund – P Series (IEF-P)

Fund: +19.67% Benchmark[3]: +11.12%

Relative Performance (percentage points): ▲ 8.55

- IEF-P posted strong performance during the year as global equities rallied amid unprecedented monetary and fiscal policy support in response to COVID-19. The fund also benefited from exposure to emerging market returns, which were boosted by China's economic rebound.
- Outperformance was driven by the fund's active managers outperforming their respective benchmarks due to investments in companies better positioned to succeed through the pandemic. Investments in private equity also contributed positively to relative performance during the year, while holdings in private real estate detracted. Finally, the fund's managers' collective overweight allocation to China was a positive contributor to benchmark-relative performance.

Total Assets: **$5,877M**

*** Detailed information about the fund performance and fund benchmarks can be found on pages 44-45 of this report. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses. Fees are reflected in the performance of the funds and can therefore affect benchmark-relative performance.**

Summary*

Financial Markets and Investment Results—*P Series*

Net-of-fees; as of 12/31/2020

Fixed Income Fund – P Series (FIF-P)

Fund: +8.39% Benchmark[4]: +8.68%

Relative Performance (percentage points): ▼ 0.29

- FIF-P delivered robust performance in 2020 due to a sharp decline in interest rates, as well as the aggressive global fiscal and monetary policy support launched in response to COVID-19.
- Allocations to Positive Social Purpose Lending Program loans, global bonds, investment-grade corporate bonds and emerging market debt modestly detracted from the fund's benchmark-relative performance. However, active management added to relative performance for the year.

Total Assets: **$6,402M**

Social Values Choice Equity Fund – P Series (SVCEF-P)

Fund: +16.94% Benchmark[6]: +16.77%

Relative Performance (percentage points): ▲ 0.17

- SVCEF-P invests in a mix of domestic and international equity markets, both of which posted strong returns in 2020. Domestic and international markets were supported by unprecedented policy support launched in response to COVID-19.
- SVCEF-P is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fund's policy of adjusting the value of international stocks based on the closing value of U.S. stocks contributed positively to benchmark-relative performance for the year.

Total Assets: **$110M**

Inflation Protection Fund – P Series (IPF-P)

Fund: +5.80% Benchmark[5]: +7.72%

Relative Performance (percentage points): ▼ 1.92

- IPF-P gained during the year due to the strong performance of inflation-linked government bonds supported by declining real (inflation-adjusted) interest rates across the world. However, weak commodities prices negatively impacted the fund's returns.
- The fund's overweight exposure to U.S. inflation-linked securities positively contributed to benchmark-relative performance during the year. Nevertheless, the fund's strategic underweight to U.K. inflation-linked securities, as well as its allocation to high-yield corporate credit through exposure to senior loans, detracted from relative performance.

Total Assets: **$2,109M**

Extended Term Fixed Income Fund – P Series (ETFIF-P)

Fund: +12.10% Benchmark[7]: +16.12%

Relative Performance (percentage points): ▼ 4.02

- Interest rates declined sharply during the year due to uncertainty surrounding the COVID-19 pandemic. Lower interest rates positively affect the valuation of long-duration securities, so ETFIF-P posted meaningful returns for the year.
- The fund's intentional policy of maintaining a lower sensitivity to interest rate movements until interest rates return to higher levels was a detractor from its benchmark-relative performance for the year. Strong sector and security selection decisions from ETFIF-P's asset managers partially offset the negative contribution from interest rate movements.

Total Assets: **$1,340M**

*** Detailed information about the fund performance and fund benchmarks can be found on pages 44-45 of this report. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses. Fees are reflected in the performance of the funds and can therefore affect benchmark-relative performance.**

Summary*

Financial Markets and Investment Results—*P Series*

Net-of-fees; as of 12/31/2020

Social Values Choice Bond Fund – P Series (SVCBF-P)

Fund: +9.36% Benchmark[8]: +8.68%

Relative Performance (percentage points): ▲0.68

- SVCBP-P recorded strong performance in 2020 due to a sharp decline in interest rates, as well as the aggressive global fiscal and monetary policy support launched in response to COVID-19.
- The fund's overweight allocation to mortgage-backed securities and strong security selection in corporate credit positively contributed to benchmark-relative performance during the year. The fund's exclusion of companies with fossil fuel reserves used for energy purposes also contributed positively to benchmark-relative performance.

Total Assets: **$116M**

Stable Value Fund – P Series (SVF-P)

Fund: +1.79% Benchmark[10]: +0.67%

Relative Performance (percentage points): ▲1.12

- SVF-P produced modest performance in 2020, primarily due to lower interest rates.
- The fund's higher credit exposure and longer duration compared to that of its benchmark contributed to its outperformance for the year.

Total Assets: **$386M**

U.S. Treasury Inflation Protection Fund – P Series (USTPF-P)

Fund: +11.27% Benchmark[9]: +11.54%

Relative Performance (percentage points): ▼0.27

- USTPF-P posted strong returns in 2020 due to the robust performance of inflation-linked government bonds and declining real (inflation-adjusted) interest rates for U.S. Treasury securities.
- The fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses.

Total Assets: **$792M**

Short Term Investment Fund – P Series (STIF-P)

Fund: +0.58% Benchmark[11]: +0.67%

Relative Performance (percentage points): ▼0.09

- STIF-P holds cash, cash equivalents and short-term securities with the objective of preserving capital while earning current income higher than that of money market funds. The COVID-19 pandemic resulted in an economic slowdown and unprecedented actions by the U.S. Federal Reserve to sustain the economy.
- The fund modestly underperformed the benchmark, primarily due to management fees and fund expenses.

Total Assets: **$224M**

*** Detailed information about the fund performance and fund benchmarks can be found on pages 44-45 of this report. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses. Fees are reflected in the performance of the funds and can therefore affect benchmark-relative performance.**

Performance—*P Series*

Net-of-fees; as of 12/31/2020[12,13]

Fund	1-Year	3-Years	5-Years	10-Years	Inception[14]
Multiple Asset Fund – P Series (MAF-P)	18.21%	10.34%	11.43%	8.68%	7.94%
MAF-P Benchmark[1]	14.17%	8.85%	10.37%	8.58%	7.44%
U.S. Equity Fund – P Series (USEF-P)	26.17%	15.60%	15.62%	13.39%	8.20%
USEF-P Benchmark[2]	20.89%	14.49%	15.43%	13.79%	8.30%
U.S. Equity Index Fund – P Series (USEIF-P)	21.18%	14.65%	15.29%	–	12.56%
USEIF-P Benchmark[2]	20.89%	14.49%	15.43%	–	12.79%
International Equity Fund – P Series (IEF-P)	19.67%	8.92%	12.33%	6.33%	7.17%
IEF-P Benchmark[3]	11.12%	4.83%	8.98%	5.06%	5.54%
Fixed Income Fund – P Series (FIF-P)	8.39%	5.72%	5.89%	4.62%	5.63%
FIF-P Benchmark[4]	8.68%	5.97%	5.42%	4.54%	5.28%
Inflation Protection Fund – P Series (IPF-P)	5.80%	4.06%	4.85%	3.05%	3.96%
IPF-P Benchmark[5]	7.72%	5.02%	5.96%	4.28%	4.75%
Social Values Choice Equity Fund – P Series (SVCEF-P)*	16.94%	11.71%	12.63%	–	10.21%
SVCEF-P Benchmark[6]	16.77%	11.60%	12.62%	–	10.29%
Extended Term Fixed Income Fund – P Series (ETFIF-P)	12.10%	7.72%	7.24%	–	6.11%
ETFIF-P Benchmark[7]	16.12%	9.80%	9.35%	–	7.84%
Social Values Choice Bond Fund – P Series (SVCBF-P)	9.36%	6.13%	–	–	5.65%
SVCBF-P Benchmark[8]	8.68%	5.97%	–	–	5.55%
U.S. Treasury Inflation Protection Fund – P Series (USTPF-P)	11.27%	5.84%	–	–	5.66%
USTPF-P Benchmark[9]	11.54%	6.12%	–	–	5.92%
Stable Value Fund – P Series (SVF-P)	1.79%	1.81%	1.66%	2.19%	2.93%
SVF-P Benchmark[10]	0.67%	1.61%	1.20%	1.95%	2.65%
Short Term Investment Fund – P Series (STIF-P)	0.58%	1.58%	1.22%	0.71%	1.38%
STIF-P Benchmark[11]	0.67%	1.61%	1.20%	0.64%	1.35%

Additional information regarding fund performance is available on Wespath's website at the following web addresses:

- For monthly economic commentary and discussion of investment performance results: **www.wespath.org/retirement-investments/publications-and-reports/monthly-investment-report**
- *Investment Funds Description—P Series*: **www.wespath.org/assets/1/7/3052.pdf**

*** Formerly the Equity Social Values Plus Fund**

Summary*

Financial Markets and Investment Results—*I Series*

Net-of-fees; as of 12/31/2020

Multiple Asset Fund – I Series (MAF-I)

Fund: +19.43% Benchmark[15]: +14.17%

Relative Performance (percentage points): ▲ 5.26

- MAF-I has a target allocation of 35 percent U.S. Equity Fund – I Series (USEF-I), 30 percent International Equity Fund – I Series (IEF-I), 25 percent Fixed Income Fund – I Series (FIF-I), and 10 percent Inflation Protection Fund – I Series (IPF-I), all of which gained in value in 2020. Domestic and international markets were lifted by unprecedented policy support launched in response to COVID-19.
- USEF-I and IEF-I positively contributed to benchmark-relative performance for the year, while FIF-I and IPF-I detracted from relative performance.

Total Assets: **$1,465M**

U.S. Equity Index Fund – I Series (USEIF-I)

Fund: +20.92% Benchmark[16]: +20.89%

Relative Performance (percentage points): ▲ 0.03

- The fund benefited from the U.S. equity market's rally following pandemic-induced fiscal and monetary support. The fund also benefited from its exposure to e-commerce companies positioned well to succeed through the pandemic.
- USEIF-I is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. WII's Exclusions Policy positively impacted benchmark-relative performance during the year.

Total Assets: **$82M**

U.S. Equity Fund – I Series (USEF-I)

Fund: +27.16% Benchmark[16]: +20.89%

Relative Performance (percentage points): ▲ 6.27

- USEF-I delivered robust performance in 2020 as the U.S. equity market rallied amid unprecedented policy support in response to COVID-19. The fund benefited from its exposure to e-commerce companies, which thrived during pandemic-induced lockdowns.
- Outperformance was due largely to active managers outperforming their respective benchmarks because of investments in companies better positioned to succeed through the pandemic. Investments in private equity and private real estate detracted from relative performance for the year. The fund's strategic underweight to large-cap growth companies also detracted from relative performance.

Total Assets: **$1,010M**

International Equity Fund – I Series (IEF-I)

Fund: +21.17% Benchmark[17]: +11.12%

Relative Performance (percentage points): ▲ 10.05

- IEF-I posted strong performance during the year as global equities rallied amid unprecedented monetary and fiscal policy support in response to COVID-19. The fund also benefited from exposure to emerging market returns, which were boosted by China's economic rebound.
- Outperformance was driven by the fund's active managers outperforming their respective benchmarks due to investments in companies better positioned to succeed through the pandemic. Investments in private equity also contributed positively to relative performance during the year, while holdings in private real estate detracted. Finally, the fund's managers' collective overweight allocation to China was a positive contributor to benchmark-relative performance.

Total Assets: **$729M**

* **Detailed information about the fund performance and fund benchmarks can be found on pages 44-45 of this report. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses. Fees are reflected in the performance of the funds and can therefore affect benchmark-relative performance.**

Summary*

Financial Markets and Investment Results—*I Series*

Net-of-fees; as of 12/31/2020

Fixed Income Fund – I Series (FIF-I)

Fund: +8.25% Benchmark[18]: +8.68%

Relative Performance (percentage points): ▼ 0.43

- FIF-I delivered robust performance in 2020 due to a sharp decline in interest rates, as well as the aggressive global fiscal and monetary policy support launched in response to COVID-19.
- Allocations to Positive Social Purpose Lending Program loans, global bonds, investment-grade corporate bonds and emerging market debt modestly detracted from the fund's benchmark-relative performance. However, active management added to relative performance for the year.

Total Assets: **$681M**

U.S. Treasury Inflation Protection Fund – I Series (USTPF-I)

Fund: +11.11% Benchmark[20]: +11.54%

Relative Performance (percentage points): ▼ 0.43

- USTPF-I posted strong returns in 2020 due to the robust performance of inflation-linked government bonds and declining real (inflation-adjusted) interest rates for U.S. Treasury securities.
- This passively managed fund is designed to closely match the fund benchmark, less fees and expenses.

Total Assets: **$78M**

Inflation Protection Fund – I Series (IPF-I)

Fund: +6.40% Benchmark[19]: +7.72%

Relative Performance (percentage points): ▼ 1.32

- IPF-I gained during the year due to the strong performance of inflation-linked government bonds supported by declining real (inflation-adjusted) interest rates across the world. However, weak commodities prices negatively impacted the fund's returns.
- The fund's overweight exposure to U.S. inflation-linked securities positively contributed to benchmark-relative performance during the year. Nevertheless, the fund's strategic underweight to U.K. inflation-linked securities, as well as its allocation to high-yield corporate credit through exposure to senior loans, detracted from relative performance.

Total Assets: **$216M**

Short Term Investment Fund – I Series (STIF-I)

Fund: +0.43% Benchmark[21]: +0.67%

Relative Performance (percentage points): ▼ 0.24

- STIF-I holds cash, cash equivalents and short-term securities with the objective of preserving capital while earning current income higher than that of money market funds. The COVID-19 pandemic resulted in an economic slowdown and unprecedented actions by the U.S. Federal Reserve to sustain the economy.
- STIF-I modestly underperformed the benchmark, primarily due to investment management fees and other fund expenses.

Total Assets: **$20M**

*** Detailed information about the fund performance and fund benchmarks can be found on pages 44-45 of this report. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses. Fees are reflected in the performance of the funds and can therefore affect benchmark-relative performance.**

Performance—*I Series*

Net-of-fees; as of 12/31/2020[12,13]

Fund	1-Year	3-Years	5-Years	10-Years	Inception[14]
Multiple Asset Fund – I Series (MAF-I)	19.43%	–	–	–	20.45%
MAF-I Benchmark[15]	14.17%	–	–	–	17.43%
U.S. Equity Fund – I Series (USEF-I)	27.16%	–	–	–	28.68%
USEF-I Benchmark[16]	20.89%	–	–	–	25.85%
U.S. Equity Index Fund – I Series (USEIF-I)	20.92%	–	–	–	25.79%
USEIF-I Benchmark[16]	20.89%	–	–	–	25.85%
International Equity Fund – I Series (IEF-I)	21.17%	–	–	–	23.53%
IEF-I Benchmark[17]	11.12%	–	–	–	16.26%
Fixed Income Fund – I Series (FIF-I)	8.25%	–	–	–	9.31%
FIF-I Benchmark[18]	8.68%	–	–	–	9.43%
Inflation Protection Fund – I Series (IPF-I)	6.40%	–	–	–	7.75%
IPF-I Benchmark[19]	7.72%	–	–	–	8.44%
U.S. Treasury Inflation Protection Fund – I Series (USTPF-I)	11.11%	–	–	–	9.76%
USTPF-I Benchmark[20]	11.54%	–	–	–	10.14%
Short Term Investment Fund – I Series (STIF-I)	0.43%	–	–	–	1.38%
STIF-I Benchmark[21]	0.67%	–	–	–	1.47%

Additional information regarding fund performance is available on WII's website at the following web addresses:

- For monthly economic commentary and discussion of investment performance results: **www.wespath.com/funds/monthly-investment-report**
- *Investment Funds Description—I Series*: **www.wespath.com/assets/1/7/5263.pdf**

Management's Report
on Financial Statements

We have prepared the accompanying combined financial statements of Wespath Benefits and Investments (Wespath) for the years ended December 31, 2020 and 2019. We are responsible for the content and integrity of the financial statements as well as the other financial information and supplemental schedules included in this annual report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and reflect our best estimates and judgments. The other financial information and supplemental schedules included in this annual report are consistent with the financial statements. We believe the financial statements fairly present Wespath's financial position; results of operations and changes in net assets; changes in plan accumulations, plan sponsor deposits and endowments; and cash flows.

Wespath's financial statements have been audited by Grant Thornton LLP, independent certified public accountants, whose report appears on page 16. Grant Thornton LLP was given unrestricted access to all financial records and related information, including minutes of meetings of the boards of directors and committees. We believe that all representations made to Grant Thornton LLP during its audit were valid, timely and appropriate.

We recognize our responsibility for fostering a strong ethical climate so that Wespath's affairs are conducted according to the highest standards of conduct. This responsibility is characterized and reflected in Wespath's Code of Conduct (Code). The Code addresses, among other things, the necessity of assuring open communication within Wespath, potential conflicts of interest, compliance with all applicable domestic and foreign laws, and the confidentiality of proprietary information. We maintain a systematic program to assess compliance with the Code, including a requirement that all employees and board members affirm their compliance annually.

Wespath management has established and maintains a system of internal controls that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. This system of internal controls provides for appropriate division of responsibility, and is documented by written policies and procedures that are communicated to employees with significant roles in the financial reporting process and are updated as necessary. Management monitors the system of internal controls for compliance. Wespath maintains an internal auditing program that independently assesses the effectiveness of the system of internal controls and recommends possible improvements. In planning and performing its audit of Wespath's financial statements, Grant Thornton LLP considered Wespath's internal controls relevant to Wespath's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wespath's internal controls. In addition, Wespath has an Audit Committee that oversees the internal and external audit programs. (See the Audit Committee section on page 40).

Barbara A. Boigegrain
General Secretary
and Chief Executive Officer

Eileen M. Kane
Chief Financial and
Information Officer

Report of Independent Certified Public Accountants

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit Committee of the Board of Directors
Wespath Benefits and Investments

We have audited the accompanying combined financial statements of Wespath Benefits and Investments, which comprise the combined statements of assets and liabilities and net assets as of December 31, 2020 and 2019, and the related combined statements of operations and changes in net assets, changes in plan accumulations, plan sponsor deposits and endowments, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Wespath Benefits and Investments as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of assets and liabilities and net assets as of December 31, 2020 and the combining statement of operations and changes in net assets for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Grant Thornton LLP

Chicago, IL
May 12, 2021

GT.COM

Combined Statements of Assets and Liabilities and Net Assets

Assets (in thousands)	**December 31, 2020**	**December 31, 2019**
Investments (Notes 2, 3 and 5)		
Equity securities	$ 11,592,597	$ 10,031,428
Fixed income securities and contracts (Note 6)	10,630,125	10,491,779
Emerging market funds	1,602,526	1,363,412
Cash equivalents	1,519,758	897,059
Limited partnership investments (Note 2)	1,363,756	1,249,424
Securities loaned under securities lending agreements (Notes 2 and 4)	1,660,933	1,532,585
Total investments	28,369,695	25,565,687
Invested collateral from securities lending agreements (Note 4)	1,083,502	832,343
Other assets (Note 2)	394,486	607,074
Cash	41,650	23,153
Total assets	**$29,889,333**	**$ 27,028,257**

Liabilities and net assets (in thousands)	**December 31, 2020**	**December 31, 2019**
Plan accumulations, plan sponsor deposits and endowments (Note 2)		
Defined contribution plans	$ 10,379,745	$ 9,305,243
Defined benefit plans	5,203,719	4,656,294
Annuities	5,163,618	4,701,516
Disability, death and health benefit program deposits (Note 8)	2,382,579	2,019,083
Plan sponsor and other deposits	4,885,956	4,108,605
Endowments	73,671	59,114
Total plan accumulations, plan sponsor deposits and endowments	28,089,288	24,849,855
Payable under securities lending agreements (Note 4)	1,083,502	832,343
Other liabilities (Note 2)	627,693	1,274,386
Total liabilities	29,800,483	26,956,584
Net assets (Note 2)	88,850	71,673
Total liabilities and net assets	**$ 29,889,333**	**$ 27,028,257**

See accompanying "Notes to the Combined Financial Statements."

Combined Statements of Operations and Changes in Net Assets

Years Ended December 31 (in thousands)	**2020**	**2019**
Interest, dividend, partnership and trust investment income	$ 583,778	$ 669,533
Securities lending and other income	7,521	6,105
Investment income	591,299	675,638
Net realized gain on investments	1,337,333	668,440
Net unrealized gain on investments	2,122,193	2,820,957
Net gain on investments and investment income	4,050,825	4,165,035
Investment management and custodial fees	(82,160)	(84,681)
Net investment earnings	3,968,665	4,080,354
Operating expenses (Note 9)	(68,882)	(62,157)
Net earnings before allocation	3,899,783	4,018,197
Allocated net earnings to unitized funds (Note 7)	(3,894,959)	(4,012,330)
Allocated to net assets	12,353	8,697
Net increase in net assets	17,177	14,564
Net assets (Note 2):		
Beginning of year	71,673	57,109
End of year	$ 88,850	$ 71,673

See accompanying "Notes to the Combined Financial Statements."

Combined Statements of Changes in Plan Accumulations, Plan Sponsor Deposits and Endowments

Year Ended December 31, 2020 (in thousands)	**Balances Beginning of Year**	**Net Earnings Allocated to Unitized Funds**	**Contributions and Deposits**	**Distributions and Withdrawals**	**Net Transfers and Other**	**Balances End of Year**
Defined contribution plans	$ 9,305,243	$ 1,472,056	$ 228,523	$ (368,399)	$ (257,678)	$ 10,379,745
Defined benefit plans	4,656,294	737,877	119,031	(302,232)	(7,251)	5,203,719
Annuities	4,701,516	568,382	–	(368,199)	261,919	5,163,618
Disability, death and health benefit program deposits	2,019,083	341,351	196,445	(221,730)	47,430	2,382,579
Plan sponsor and other deposits	4,108,605	764,036	608,042	(600,061)	5,334	4,885,956
Endowments	59,114	11,257	24	(402)	3,678	73,671
Total plan accumulations, plan sponsor deposits and endowments	$ 24,849,855	$ 3,894,959	$ 1,152,065	$ (1,861,023)	$ 53,432	$ 28,089,288

Year Ended December 31, 2019 (in thousands)	**Balances Beginning of Year**	**Net Earnings Allocated to Unitized Funds**	**Contributions and Deposits**	**Distributions and Withdrawals**	**Net Transfers and Other**	**Balances End of Year**
Defined contribution plans	$ 8,221,932	$ 1,534,281	$ 229,855	$ (418,342)	$ (262,483)	$ 9,305,243
Defined benefit plans	4,030,389	791,469	131,524	(296,941)	(147)	4,656,294
Annuities	4,181,411	613,429	–	(360,031)	266,707	4,701,516
Disability, death and health benefit program deposits	1,721,006	338,926	157,142	(202,905)	4,914	2,019,083
Plan sponsor and other deposits	3,435,673	725,276	430,352	(488,421)	5,725	4,108,605
Endowments	48,618	8,949	5,040	(3,691)	198	59,114
Total plan accumulations, plan sponsor deposits and endowments	$ 21,639,029	$ 4,012,330	$ 953,913	$ (1,770,331)	$ 14,914	$ 24,849,855

See accompanying "Notes to the Combined Financial Statements."

Combined Statements of Cash Flows

Years Ended December 31 (in thousands)	**2020**	**2019**
Cash flows from operating activities		
Increase in net assets	$ 17,177	$ 14,564
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,559	1,440
Net unrealized gain on investments	(2,122,193)	(2,820,957)
Net realized gain on investments	(1,337,333)	(668,440)
Undistributed (earnings) loss—limited partnership investments	(3,161)	10,093
Changes in assets and liabilities:		
(Increase) decrease in invested collateral from securities lending agreements	(251,159)	306,397
Decrease (increase) in other assets	211,412	(177,665)
(Decrease) increase in other liabilities	(646,693)	596,266
Increase (decrease) in payable under securities lending agreements	251,159	(306,397)
Allocated to net assets	(12,353)	(8,697)
Net earnings allocated to unitized fund accounts	3,894,959	4,012,330
Contributions and deposits	1,152,065	953,913
Distributions and withdrawals	(1,861,023)	(1,770,331)
Net transfers and other	65,785	17,301
Net cash (used in) provided by operating activities	(639,799)	159,817
Cash flows from investing activities		
Purchases of investments	(51,495,836)	(47,635,926)
Sales of investments	52,154,515	47,468,484
Capital expenditures	(383)	(2,128)
Net cash provided by (used in) investing activities	658,296	(169,570)
Net increase (decrease) in cash	18,497	(9,753)
Cash at beginning of year	23,153	32,906
Cash at end of year	$ 41,650	$ 23,153

See accompanying "Notes to the Combined Financial Statements."

Notes to the Combined Financial Statements

Note 1:
Nature of Operations

Wespath Benefits and Investments (Wespath) is the doing-business-as name of the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois (the Illinois Corporation). The name was designed with two important elements in mind: Wes—to recognize and honor John Wesley, the founder of Methodism and a strong advocate for social justice; and Path—referring to our goal of providing participants and institutional investors with a path to follow in helping to achieve retirement, health and investment objectives.

Wespath conducts business primarily through three legal entities: the Illinois Corporation and the UMC Benefit Board, Inc. (the Benefit Board), both Illinois not-for-profit corporations, and Wespath Institutional Investments LLC (WII), a tax-exempt Delaware limited liability company. Wespath has established other subordinate legal entities, including corporations, limited liability companies, and trusts, in order to carry out specific business activities most effectively. Assets and liabilities of these additional entities are included in the financial statements presented in this report. Collectively we refer to all legal entities as Wespath in these notes.

The Illinois Corporation is an administrative general agency of the religious denomination known as The United Methodist Church (UMC) and is responsible for the general supervision and plan administration of retirement, disability, death and health benefit plans, programs and funds for plan sponsors as authorized by General Conference, the denomination's highest legislative authority. The Benefit Board is the trustee for various trusts and is the exempt investment advisor to and trustee for the *P Series* funds in which the plan assets and the trusteed assets of certain UMC-related institutions are invested. WII is trustee for and exempt investment advisor to the *I Series* funds, in which the trusteed assets of a broader range of institutional investors, such as foundations, hospitals, colleges and universities, children's homes and other organizations that are controlled by, associated with, or related to the UMC, pursuant to securities and tax law. The Benefit Board and WII are separate from but controlled by the Illinois Corporation through ownership or common directorship.

On January 2, 2019, approximately $2 billion of institutional client assets were transferred from the *P Series* funds, which are managed by the Benefit Board, to the *I Series* funds, which are managed by WII.

Pension and retirement plans administered by Wespath: As of December 31, 2020, the three primary Internal Revenue Code (IRC) section 403(b) retirement benefit plans are the Clergy Retirement Security Program (CRSP), providing retirement benefits to eligible clergy; the Retirement Plan for General Agencies (RPGA), providing retirement benefits to eligible employees of general agencies; and the United Methodist Personal Investment Plan (UMPIP), providing retirement benefits and savings opportunities for clergy and lay employees of United Methodist churches and church-related organizations. The Horizon 401(k) Plan, an IRC section 401(a) plan, is a retirement savings plan for employee and employer contributions available to employees of eligible UMC-related institutions.

In March 2020, Wespath entered an agreement with the General Board of Global Ministries (GBGM) to assume sponsorship of an IRC section 401(a) defined benefit pension plan, called the Collins Plan for Missionaries, and related obligations in consideration for all assets associated with the plan. This transfer was completed on August 14, 2020.

In addition, Wespath administers certain legacy benefit plans, which no longer accrue additional service credit for plan participants or allow for the eligibility of new participants.

CRSP consists of two components: a defined benefit component, based on Denominational Average Compensation (DAC), and a defined contribution component, providing for a plan sponsor contribution of 2% of a clergyperson's actual compensation. In addition, the plan sponsor matches 100% of a clergyperson's elective contributions to UMPIP up to 1% of the clergyperson's plan compensation and contributes the matching funds to the clergyperson's CRSP defined contribution account.

CRSP is an amendment and restatement of the Ministerial Pension Plan (MPP). The program consists of three parts covering three different periods: CRSP for service beginning January 1, 2007; MPP for service from January 1, 1982 through December 31, 2006; and Supplement One to CRSP for service prior to 1982 (Pre-82 Plan).

Notes to the Combined Financial Statements

RPGA became effective on January 1, 2010, and is an amendment and restatement of the Retirement Security Program for General Agencies (RSP), which is retained in Supplement Two to RPGA.

All plans maintained by Wespath are "church plans" within the meaning of Section 3 (33) of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 414(e) of the Internal Revenue Code of 1986.

Disability, death, and health benefit plans and programs administered by Wespath: The disability, death and health benefit programs include the Comprehensive Protection Plan (CPP), providing various welfare benefits to eligible clergy; UMLifeOptions, providing various welfare benefits to eligible clergy and lay employees of participating local churches, annual conferences, general agencies and other eligible UMC-related institutions; and HealthFlex, providing group health coverage for those under 65 and access to retiree medical supplement options for employees and retirees of participating local churches, annual conferences, general agencies and other eligible UMC-related institutions.

In March 2020, Wespath entered an agreement with GBGM to assume sponsorship of a self-funded post-retirement health plan called the Collins Health Benefits Trust, and related obligations in consideration for all assets associated with the plan. This transfer was completed on August 14, 2020.

Funding of benefit obligations: Plan sponsors are responsible for the funding of all pension, disability, death and health benefit obligations. All sponsoring entities are responsible for funding both current and past service costs. Pension and other post-retirement obligations are the responsibility of the sponsoring entities.

Wespath trusts and funds: All of the assets of the trusts are invested in a prudent manner in accordance with plan documents, trust instruments and Wespath's investment policies.

As of December 31, 2020, the Benefit Board administered 20 *P Series* investment funds. Ten funds are available for direct investment by UMPIP, CRSP and RPGA defined contribution participants: Multiple Asset Fund – P Series (MAF-P), Fixed Income Fund – P Series (FIF-P), Inflation Protection Fund – P Series (IPF-P), U.S. Equity Fund – P Series (USEF-P), International Equity Fund – P Series (IEF-P), Extended Term Fixed Income Fund – P Series (ETFIF-P), Social Values Choice Equity Fund – P Series (SVCEF-P), Social Values Choice Bond Fund – P Series (SVCBF-P), U.S. Treasury Inflation Protection Fund – P Series (USTPF-P) and Stable Value Fund – P Series (SVF-P). SVF-P is not available for investment by institutional investors or for plan reserves. These groups can invest in the Short Term Investment Fund – P Series (STIF-P), and the U.S. Equity Index Fund – P Series (USEIF-P), which are not offered to plan participants, as well as the other nine funds listed above.

The Benefit Board also manages eight funds that provide indirect exposure to specialized investment strategies for participants, plan reserves and institutional investors: Positive Social Purpose Lending Fund – P Series (PSPLF-P), Domestic Private Real Estate Fund – P Series (DPRF-P), Domestic Private Equity Fund – P Series (DPEF-P), International Private Equity Fund – P Series (IPEF-P), International Private Real Estate Fund (IPRF), Annuity Immunization Fund – P Series (AIF-P), Special Opportunities Fund – P Series (SOF-P) and Liability Matching Fixed Income Fund – P Series (LMFIF-P).

As of December 31, 2020, WII administered 12 *I Series* investment funds. Eight funds are available for direct investment by institutional investors: Multiple Asset Fund – I Series (MAF-I), Fixed Income Fund – I Series (FIF-I), Inflation Protection Fund – I Series (IPF-I), U.S. Equity Fund – I Series (USEF-I), International Equity Fund – I Series (IEF-I), U.S. Treasury Inflation Protection Fund – I Series (USTPF-I), U.S. Equity Index Fund – I Series (USEIF-I) and Short Term Investment Fund – I Series (STIF-I). WII also manages four funds that provide indirect exposure to specialized investment strategies for institutional investors: U.S. Private Real Estate Fund – I Series (USPREF-I), U.S. Private Equity Fund – I Series (USPEF-I), International Private Equity Fund – I Series (IPEF-I) and International Private Real Estate Fund – I Series (IPREF-I).

Note 2:
Summary of Significant Accounting Policies

Basis of presentation: The combined financial statements consisting of the Combined Statements of Assets and Liabilities and Net Assets (Balance Sheets); Combined Statements of Operations and Changes in Net Assets (Statements of Operations); Combined Statements of Changes in Plan Accumulations, Plan Sponsor Deposits and Endowments (Statements of Changes); and the Combined Statements of Cash Flows (known collectively as the financial statements) include all accounts within Wespath's control. These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Investments: All investment transactions are governed by the investment policy and guidelines of Wespath. In general, investments are stated at fair value. Changes in fair value of investments are recorded in the Statements of Operations as "Net unrealized gain on investments." Investment purchases and sales are recorded as of the trade date. Net gains and losses on the sale of investments are included in "Net realized gain on investments" in the Statements of Operations. Costs of investments sold are determined on an average cost basis. The methodology used in determining the fair value of investments is described in Note 3.

Fixed income securities and contracts: Fixed income securities and contracts consist primarily of U.S. Treasury and agency securities, corporate bonds, mortgage-backed securities, asset-backed securities, sovereign securities denominated in U.S. dollars and foreign currencies, stated at fair value determined primarily by third-party pricing vendors, and forward contracts and mortgage contracts or other loans that comprise investments in Wespath's Positive Social Purpose (PSP) Lending Program.

The PSP Lending Program was established in 1990 to earn risk-adjusted market rates of return while funding a variety of projects in traditionally underserved communities. This includes, but is not limited to, the development of affordable housing for low- and moderate-income individuals and families, homeless shelters, health centers, senior living centers, charter schools and microfinance loans primarily to low-income entrepreneurs in the developing world. The program invests primarily in privately placed mortgage-backed securities, mortgage loans and direct loans that meet certain criteria, such as specified minimum loan-to-value and debt coverage ratios. At December 31, 2020 and 2019, Wespath had outstanding PSP investments of $699 million and $775 million, respectively. Mortgage contracts and other loans are stated on the financial statements at fair value based either on the net present value of the estimated future cash flows discounted at market equivalent rates or, for those mortgage contracts and other loans that have published trades, other observable pricing information by independent third-party pricing services.

At December 31, 2020 and 2019, Wespath had outstanding commitments to provide $40 million and $35 million, respectively, in additional funding related to the PSP Lending Program. These commitments are not recorded in the financial statements. Funds set aside to cover these commitments are included under the captions "Fixed income securities and contracts" and "Cash equivalents."

Also included in this category are derivative-based wrap contracts used in conjunction with the SVF-P portfolio. These contracts are utilized to mitigate market rate risk exposure on the underlying investments in the SVF-P, stated at contract value as detailed in Note 6.

Equity securities: Equity securities consist primarily of common and preferred stocks, stated at fair value determined primarily by closing prices quoted on recognized U.S. and international security exchanges.

Cash equivalents: Cash equivalent investments are stated at fair value or at cost, which approximates fair value. Cash equivalents include cash, short-term securities that mature within three months or less at date of purchase, and cash collateral related to margin requirements on futures contracts, all of which are stated at cost.

Limited partnerships: Limited partnership investments consisting of real estate, private equity, joint venture and real assets are carried at Wespath's share of the partnership's net asset value (NAV) or its equivalent based primarily on the most recent unaudited financial statements, which are used to estimate fair value at year-end. In some cases, management uses discretion in determining fair value for a particular partnership based on more current information regarding market conditions or applying a different valuation that better reflects the true underlying value of the investments.

Notes to the Combined Financial Statements

Emerging market funds: Emerging market funds are valued using an estimated daily NAV based on the fair market value of the underlying securities.

Limited partnerships, limited liability companies and emerging market funds:

Investments Valued at NAV as of December 31, 2020

(in thousands)	Fair Value	Unfunded Commitments	Longest Redemption Notice Period
Open-end funds			
Real estate	$ 101,460	$ 8,958	90 days
Emerging market	1,602,525	–	120 days
Closed-end funds			
Real estate	441,910	499,907	
Real assets	115,405	5,892	
Private equity	649,843	245,906	
Credit	39,109	88,132	
Joint Venture	16,030	28,042	
Total	**$ 2,966,282**	**$ 876,837**	

Investments Valued at NAV as of December 31, 2019

(in thousands)	Fair Value	Unfunded Commitments	Longest Redemption Notice Period
Open-end funds			
Real estate	$ 100,908	$ 10,247	90 days
Emerging market	1,363,412	–	120 days
Closed-end funds			
Real estate	451,571	430,390	
Real assets	118,718	6,105	
Private equity	558,498	326,179	
Joint Venture	19,729	28,042	
Total	**$ 2,612,836**	**$ 800,963**	

Open-end real estate funds primarily invest in U.S. commercial real estate. These have an indefinite life, and investments may be redeemed with up to 90 days' notice. However, the fund manager has the discretion not to accept the redemption request.

Emerging market funds are open-ended commingled funds invested primarily in equities of companies domiciled in emerging markets. These have an indefinite life, and investments may be redeemed with up to 120 days' notice.

Closed-end real estate funds primarily invest in U.S. commercial real estate. Closed-end real assets funds primarily invest in real assets such as timber, energy, agriculture and infrastructure. Closed-end private equity funds primarily invest in privately held companies. Closed-end credit fund primarily invests in publicly traded fixed income instruments such as corporate and structured credit. These investments cannot be redeemed. Distributions from each fund occur as the underlying investments of the funds are liquidated. Wespath estimates that the underlying investments of the existing funds will be liquidated over the next 15 years.

Through its Special Opportunities Fund – P Series, Wespath entered into a limited liability company joint venture with Metro Storage to acquire and/or develop self-storage units. These investments cannot be sold until February 2024, at the earliest. The total investment in the joint venture as of December 31, 2020 and 2019 was $16.0 million and $19.7 million, respectively.

International securities: International securities primarily consist of equity and fixed income securities of entities domiciled outside the United States, as well as foreign currency forward contracts. Investments in international fixed income securities and contracts are included under the caption "Fixed income securities and contracts." Investments in international equity securities are included under the caption "Equity securities." Investments in emerging market funds are included under the caption "Emerging market funds." The total investment in international securities is $9,714 million and $8,373 million in 2020 and 2019, respectively.

Securities loaned under securities lending agreements: A portion of equity securities, fixed income securities and international securities has been loaned to qualified borrowers pursuant to Wespath's securities lending program, further described in Note 4.

The following table summarizes the fair value of securities on loan and the collateral held as of December 31, 2020:

(in thousands)	Market Value of Securities on Loan	Collateral Held
Fixed income securities	$ 800,748	$ 818,844
Domestic equity securities	702,389	718,115
International equity securities	157,796	165,109
Total	**$ 1,660,933**	**$ 1,702,068**

The following table summarizes the fair value of securities on loan and the collateral held as of December 31, 2019:

(in thousands)	Market Value of Securities on Loan	Collateral Held
Fixed income securities	$ 640,354	$ 654,521
Domestic equity securities	760,908	777,968
International equity securities	131,323	140,311
Total	**$ 1,532,585**	**$ 1,572,800**

Other assets: Other assets primarily consist of fixed assets and investment receivables. Fixed assets, which include property, furniture and equipment, are assets with cost in excess of $10,000 that have a useful life greater than one year. Fixed assets are stated at cost less depreciation. Depreciation of fixed assets is provided on a straight-line basis over the assets' estimated service life, typically five to seven years for furniture, fixtures and equipment; 15 years for land improvements; and 40 years for the building. Depreciation expense totaling $1.6 million for 2020 and $1.4 million for 2019 is included in "Operating expenses" in the Statements of Operations. Receivables due from the purchasers of investments sold of $206 million and $448 million at December 31, 2020 and 2019, respectively, are included in "Other assets."

Property and equipment, which are components of "Other assets," are comprised of the following as of December 31:

(in thousands)	2020	2019
Land	$ 15,685	$ 15,685
Land improvements	3,779	3,779
Building	31,428	31,400
Computer and office equipment	$21,082	20,759
	71,974	**71,623**
Less accumulated depreciation		
Land improvements	2,565	2,310
Building	7,716	6,919
Computer and office equipment	20,115	19,639
Property and equipment – net	**$ 41,578**	**$ 42,755**

Defined contribution plans: This liability represents the accumulated fair value of contributions and earnings to the defined contribution components of the three IRC Section 403(b) and one IRC 401(k) retirement plans as remitted by the plan sponsor to a participant's account.

Defined benefit plans: Plan sponsors fund current and future benefits for service rendered under the defined benefit plans. For financial statement purposes, Wespath reflects only amounts that plan sponsors have contributed to date, with accumulated investment earnings. These plans have funded and unfunded liabilities. Plan sponsors of the Pre-82 Plan are required to contribute the unfunded amounts no later than the end of the year 2021. This does not include actuarial or market losses which may be amortized over a term extending beyond that date. Any additional unfunded liability resulting from benefit improvements is required to be funded prior to the effective date of the improvement. Plan sponsors of defined benefit plans contributed $119 million and $132 million to the plans in 2020 and 2019, respectively.

Annuities: Annuities are primarily lifetime monthly benefit payments for retired individuals that have been established under certain plans. Actuarially determined benefits are funded from the individual accounts of participants upon retirement. Participants make specific elections with regard to survivor benefits, post-retirement benefit increases and other terms of the annuity.

Disability, death and health benefit program deposits: These pooled accounts represent deposits to certain employee welfare benefit plans held to provide benefits to participants in the disability, death and health benefit programs.

Notes to the Combined Financial Statements

Plan sponsor and other deposits: These deposits represent amounts received from institutional investors; and from plan sponsors to fund pension, disability, death, health benefit and other programs. These funds are invested at the direction of the account holder.

Endowments: Included in the endowment liabilities, within Wespath, are funds administered on behalf of UMC-related organizations. Wespath invests these funds as the trustee. Distributions of income are made in accordance with the provisions of the applicable governing documents. Many annual conferences, particularly those in the South Central and Southeastern jurisdictions, have Conference Superannuate Endowment Fund accounts.

These funds, the principal of which may not be withdrawn as mandated by General Conference, represent endowment funds for the benefit of retirees of the former Methodist Episcopal Church, South. Also included in endowments, within Wespath, are undesignated gifts, bequests and donations.

Other liabilities: Other liabilities primarily consist of payables for investment purchases of $476 million and $1.1 billion at December 31, 2020 and 2019, respectively.

Net assets: Combined Net Assets at December 31, 2020 and 2019 represent Wespath's designated operating reserves—to be utilized in the event of a significant, prolonged market downturn—of $58.2 million and $42.2 million, respectively, plus accumulated unrestricted net assets that have been determined based on increases or decreases in the value of assets not specifically allocated to plans or a specific investor. Wespath transferred $12.4 million and $8.7 million in 2020 and 2019, respectively, to its designated operating reserves.

Recent accounting pronouncements: In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This new guidance modifies the disclosure requirements on fair value measurements, including removal and modifications of various current disclosures as well as some additional disclosure requirements for Level 3 fair value measurements. Some of these disclosure changes must be applied prospectively while others retrospectively depending on requirement. This guidance is effective for fiscal years beginning after December 15, 2019. Wespath adopted this ASU effective for 2020. The adoption of this ASU did not have a material impact on Wespath's financial statements. Refer to Note 3 for further details on the Level 3 investments held by Wespath.

Reclassification: Certain prior-year amounts have been reclassified to conform to the current-year financial statement presentation.

Note 3: Fair Value Measurements

Wespath uses the fair value hierarchy, which is based on the inputs used to measure fair value. Observable inputs are inputs that market participants use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants use in pricing the asset or liability based on the best information available in the circumstances. Wespath utilizes the following hierarchy to classify assets and liabilities held at fair value based on the transparency of inputs:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the report date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. These types of securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3: This includes securities that have little to no observable pricing inputs as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

When available, Wespath values securities at observable market prices, observable market parameters, or broker or dealer prices (bid and ask prices). In the case of securities transacted on recognized exchanges, the observable market prices represent quotations for completed transactions from the exchange on which the securities are principally traded. For investments in illiquid or privately held securities and private real estate, real asset or private equity limited partnership investments that do not have readily determinable fair values, the determination of fair value requires Wespath to estimate the value of the securities using the best information available.

Among the factors that may be considered by Wespath in determining the fair value of illiquid or privately held securities are the cost, terms and liquidity of the investment; the financial condition and operating results of the issuer; the quoted market price of publicly traded securities with similar quality and yield; and other factors generally pertinent to the valuation of these investments. In instances where a security is subject to transfer restrictions, the value of the security is based primarily on the quoted price of a similar security without restriction, but may be reduced by an amount estimated to reflect such restrictions. In addition, even where the value of a security is derived from an independent source, certain assumptions may be required to determine the security's fair value. The actual value realized upon disposition could be different from the currently estimated fair value. All of Wespath's investments in illiquid, infrequently traded or privately held securities have been valued using Level 3 inputs.

Fixed income securities, such as domestic government or corporate bonds, are stated at fair value determined primarily by third-party pricing vendors. In instances where sufficient market activity exists, the valuations may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, valuations also utilize proprietary valuation models, which may consider market characteristics, such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Fair value estimates of guaranteed investment contracts (GICs) are made according to the methodologies further detailed in Note 6. Mortgage contracts and other loans are stated at fair value based on the net present value of the estimated future cash flows discounted at market equivalent rates. Most of Wespath's fixed income securities have been valued at Level 2. The exceptions relate to certain domestic government securities that have been valued at Level 1 and to certain corporate bonds that have been valued at Level 3. All mortgage contracts and other loans have been primarily valued at Level 2.

For private real estate limited partnership investments, fair value estimates of the underlying real estate investments are based on a combination of property appraisal reports prepared by third-party, independent appraisers and internal models developed by the underlying fund managers using a variety of market-based assumptions. The estimates of fair value are based on three conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: 1) current cost of replacing the real estate less deterioration and functional and economic obsolescence; 2) discounting a series of expected income streams and reversion at a specific yield or by directly capitalizing a single-year income estimate by an appropriate factor; and 3) the value indicated by recent sales of comparable real estate in the market. In reconciliation of these three approaches, the independent appraiser uses one, or a combination of approaches, to determine an approximated fair value.

For private equity limited partnership investments, fair value estimates of the underlying private equity investments made by the respective partnerships require significant judgment and interpretation of the general partner's overall management. Underlying private equity partnership investment values are determined based on available market data, including observations of the trading multiples of public companies considered comparable to the investments being valued. Valuations also are adjusted to give consideration to the financial condition and operating results specific to the issuer, the lack of liquidity inherent in a non-public investment, the long-term nature of such investments, credit markets, and the fact that comparable public companies are not identical to the companies being valued.

For real asset limited partnership investments such as timberland, agricultural properties and private equity energy investment vehicles, fair value estimates of the underlying properties are determined by qualified third-party appraisers and internal models developed by the underlying fund managers using a variety of market-based assumptions. Estimates of fair value are based on factors such as current supply/demand dynamics for the underlying assets, commodity prices and sales of comparable properties.

Purchases of level 3 assets totaled $195 million for 2020 and $126 million for 2019. No significant transfers of Level 3 assets occurred in 2020 or 2019.

Notes to the Combined Financial Statements

The following table summarizes financial assets at fair value, by levels, as of December 31, 2020:

Asset Class (in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Investments**
Investments at fair value (non NAV)				
Domestic common stock[A]	$ 7,624,415	$ –	$ –	$ 7,624,415
International common stock[B]	4,769,996	–	–	4,769,996
Preferred stock[C]	40,907	276	–	41,183
Domestic government fixed income[D]	2,433,451	–	–	2,433,451
International government fixed income[E]	–	1,764,154	–	1,764,154
Domestic government and other agencies[F]	–	932,166	–	932,166
Municipal fixed income[G]	–	99,467	–	99,467
Corporate fixed income[H]	–	3,860,373	364,050	4,224,423
Asset-backed securities[I]	–	891,467	–	891,467
Collateralized loan obligations[J]	–	608,573	–	608,573
Risk management instruments[K]	35,338	110,282	–	145,620
Cash equivalents[L]	52,717	350,900	–	403,617
Total investments at fair value (non NAV)	**$ 14,956,824**	**$ 8,617,658**	**$ 364,050**	**$ 23,938,532**
Investments at fair value (NAV)				
Emerging market funds[M]				1,602,526
Private equity/real estate partnerships[N]				1,248,351
Real asset partnerships[O]				115,405
Total investments at fair value				**$ 26,904,814**
Cash equivalents at cost[P]				1,096,768
Wrap contracts at contract value[Q]				368,113
Total investments				**$ 28,369,695**

A Domestic common stock reflects investments in common stock of companies primarily domiciled in the U.S.

B International common stock reflects investments in common stock of companies primarily domiciled outside of the U.S.

C Preferred stock is composed of straight and convertible preferred stock issues across various industry sectors.

D Domestic government fixed income represents investments in U.S. Treasury bonds, U.S. Treasury notes and U.S. Treasury inflation-adjusted securities at various interest rates and maturities.

E International government fixed income includes non-U.S. government investments, including inflation-adjusted securities, with both fixed and variable interest rates, and with geographical concentrations in Europe, Asia and South America.

F Domestic government and other agencies include Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation investments with both variable and fixed interest rates.

G Municipal fixed income is composed of various state and local municipality investments.

H Corporate fixed income represents U.S. and international investment grade and below investment grade corporate securities across various industry sectors.

I Asset-backed securities are composed of both variable and fixed rate investments collateralized by a specific pool of underlying assets such as auto loans, credit card receivables, whole loans, etc.

J Collateralized loan obligations reflect the Positive Social Purpose private loan portfolio.

K Risk management instruments include derivatives held primarily as hedges to mitigate financial risk exposure. Investments include foreign currency and futures contracts, forward commitments, options on futures contracts and swap contracts.

L Cash equivalents include investments in commercial paper, U.S. Treasury bills and money market securities.

M Emerging market funds represent equity ownership of commingled funds that primarily invest in international publicly traded equity securities.

N Private equity partnerships represent primary and secondary investments in limited partnerships that invest in leveraged buyout and venture capital companies. Private real estate partnerships primarily represent investments in limited partnerships or limited liability companies that hold commercial real estate debt and equity interests in real estate.

O Real asset partnerships include investments in limited partnerships that invest in timberland and private equity energy properties.

P Cash equivalents at cost include investments in commercial paper, repurchase agreements and time deposits. These investments are carried at cost, which approximates fair value.

Q Wrap contracts at contract value represent investments that insulate the holder from changes in fair value in the underlying portfolio of the Stable Value Fund – P Series. These investments are reported at contract value (Note 6).

Notes to the Combined Financial Statements

The following table summarizes financial assets at fair value, by levels, as of December 31, 2019:

Asset Class (in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Investments**
Investments at fair value (non NAV)				
Domestic common stock[A]	$ 6,635,943	$ –	$ –	$ 6,635,943
International common stock[B]	4,251,814	–	3	4,251,817
Preferred stock[C]	27,186	333	–	27,519
Domestic government fixed income[D]	2,572,402	–	–	2,572,402
International government fixed income[E]	–	1,504,668	–	1,504,668
Domestic government and other agencies[F]	–	857,984	–	857,984
Municipal fixed income[G]	–	52,783	–	52,783
Corporate fixed income[H]	–	3,520,949	272,717	3,793,666
Asset-backed securities[I]	–	902,744	–	902,744
Collateralized loan obligations[J]	–	650,743	–	650,743
Risk management instruments[K]	23,518	440,703	–	464,221
Cash equivalents[L]	12,615	11,721	–	24,336
Total investments at fair value (non NAV)	**$ 13,523,478**	**$ 7,942,628**	**$ 272,720**	**$ 21,738,826**
Investments at fair value (NAV)				
Emerging market funds[M]				1,363,412
Private equity/real estate partnerships[N]				1,130,706
Real asset partnerships[O]				118,718
Total investments at fair value				**$ 24,351,662**
Cash equivalents at cost[P]				856,951
Wrap contracts at contract value[Q]				357,074
Total investments				**$ 25,565,687**

Note 4: Securities Lending Agreements

Wespath enters into securities lending transactions in its fixed income and equity portfolios, for which it receives compensation. Loans of securities are collateralized by cash and securities equal to at least 102% and 105% of the carrying value of the securities on loan for domestic and international securities, respectively. Wespath typically reinvests the cash collateral in repurchase agreements.

Wespath monitors the fair value of the collateral relative to the amounts due under the agreements and, when required, requests through its advisors additional collateral or reduces the loan balance in order to maintain the contractual margin protection. The amount of the collateral related to its reinvestment agreements is carried at amortized cost, which approximates fair value, and is reported on the Balance Sheets as "Invested collateral from securities lending agreements." Repurchase agreements are collateralized by securities with a fair value equal to at least 102% of Wespath's investment in the agreement.

Cash collateral is invested in repurchase agreements of a short-term nature; however, such investments are subject to risk of payment delays or default on the part of the issuer or counterparty or otherwise may not generate sufficient interest to support the costs associated with securities lending. Wespath could also experience delays in recovering its securities and possible loss of income or value if the borrower fails to return the borrowed securities, although Wespath is indemnified from this risk by contract with the securities lending agent.

The fair value of the securities loaned totaled $1,661 million and $1,533 million at December 31, 2020 and 2019, respectively. The securities loaned are recorded in the Balance Sheets as "Securities loaned under securities lending agreements." The fair value of the "Invested collateral from securities lending agreements" includes only cash collateral received and reinvested that totaled $1,084 million and $832 million at December 31, 2020 and 2019, respectively. These amounts are offset by a liability recorded as "Payable under securities lending agreements." At December 31, 2020 and 2019, Wespath had received non-cash collateral of $618 million and $741 million, respectively, in the form of U.S. government securities inclusive of U.S. government agencies and mortgages.

The following table outlines the cash collateral received on securities loaned at December 31, 2020:

Loan Type (in thousands)	**Overnight and Continuous**	**Up to 30 Days**	**30-90 Days**	**Greater than 90 Days**	**Total**
Fixed income securities	$ 373,065	$ 2,507	$ –	$ –	$ 375,572
Domestic equity securities	608,052	–	–	–	608,052
International equity securities	84,770	15,108	–	–	99,878
Total	**$ 1,065,887**	**$ 17,615**	**$ –**	**$ –**	**$ 1,083,502**

The following table outlines the cash collateral received on securities loaned at December 31, 2019:

Loan Type (in thousands)	**Overnight and Continuous**	**Up to 30 Days**	**30-90 Days**	**Greater than 90 Days**	**Total**
Fixed income securities	$ 288,811	$ –	$ –	$ –	$ 288,811
Domestic equity securities	434,914	–	–	–	434,914
International equity securities	108,365	253	–	–	108,618
Total	**$ 832,090**	**$ 253**	**$ –**	**$ –**	**$ 832,343**

Notes to the Combined Financial Statements

Note 5:
Risk Management Instruments

Wespath may, from time to time, enter into financial futures contracts, foreign-currency forward contracts, forward contracts to purchase U.S. government agency obligations for trading purposes and commodity futures contracts. Equity futures contracts are used as a means to replicate the performance of the broad stock market and to reduce transaction costs associated with rebalancing a market-based indexed portfolio when there are cash inflows or outflows, or facilitating asset allocation shifts when warranted. Foreign-currency forward contracts are used to manage the risk of foreign currency fluctuations and to ensure that adequate funds, denominated in the local currency, are available to settle purchases of foreign securities. Forward contracts to purchase U.S. government agency obligations are used to take advantage of market yield premiums available for delayed settlement contracts.

Fixed income financial futures (both exchange-traded and over-the-counter, including forward contracts and futures contracts) are used for hedging purposes. Hedging transactions that use fixed income futures contracts are defined as transactions that are substitutes for fixed income securities that the portfolio could own, and that have the comparable economic impact of managing the risks of the portfolio. In addition, fixed income financial futures are used for obtaining efficient investment exposure to certain financial market sectors that may not be economically accessible outside of the derivatives market. Commodity futures contracts are used to gain exposure to price changes of various commodities, such as energy, agriculture, metals and livestock. Wespath does not use derivative instruments or strategies to leverage its investments.

Financial futures contracts, commodity futures contracts, foreign-currency forward contracts and forward contracts to purchase U.S. government agency obligations are stated at fair value determined by prices quoted on national security exchanges. Fluctuations in value prior to maturity are recognized as unrealized gains or losses in the period during which they arise. At maturity, realized gains or losses are recognized and settled daily with cash through a margin account. Other liabilities, including the payables related to forward contracts to purchase U.S. government agency obligations, are stated at face value.

As with all of the securities included in Wespath's investment portfolio, these instruments are exposed to both market and credit risk. The market risk associated with these instruments is that equity prices or foreign exchange rates could change, resulting in a loss in the value of the investment. These risks may be offset partially by holding positions in the underlying securities. The credit risk associated with these instruments relates to the failure of the counterparty to pay based on the contractual terms of the agreement. Wespath monitors the counterparties that are responsible for fully satisfying their obligations under the contracts, and no loss related to this risk is expected. Each equity futures contract requires that Wespath place on deposit with the executing counterparty an amount equal to the margin requirement for the contract. The margin requirement is recalculated daily to reflect the change in fair value.

Fund transfers to or from Wespath depend on the change in margin requirement. Wespath's daily credit exposure is limited to the margin requirement attributable to one day's price fluctuation.

The fair value or the notional value of the net positions of risk management instruments and the location of related unrealized gains (losses) in the Balance Sheets as of December 31 are listed in the table below:

(in thousands)	2020	2019	Location on Balance Sheet
Forward Commitments			
Federal National Mortgage Association*	$ 103,569	$ 430,542	Fixed income securities
Federal National Mortgage Association*	(19,835)	(38,194)	Other liabilities
Contracts to sell foreign currency**	975,619	770,963	Other assets
Contracts to buy foreign currency**	(392,762)	(300,169)	Other liabilities
Contracts to buy equity futures			
S&P 500 Index**	(154,263)	(115,189)	Equity securities
Russell 2000 Index**	(16,588)	(12,196)	Equity securities
Other index futures**	(157,409)	(150,174)	Equity securities
Contracts to buy other futures			
Fixed income securities**	(327,582)	(319,599)	Equity securities
Cash and equivalents**	(21,206)	(19,256)	Equity securities
Commodities**	(222,132)	(220,520)	Equity securities
Other			
Credit default swap contracts*	395	3,180	Fixed income securities
Interest rate swap contracts*	3,300	6,259	Fixed income securities
Inflation rate swap contracts*	1,810	51	Fixed income securities
Zero coupon swap contracts*	(14)	38	Fixed income securities
Purchased options*	1,236	617	Fixed income securities
Written options*	(2,762)	(790)	Other liabilities

*** At fair value in balance sheet account indicated**
**** At notional value (related fair value is in balance sheet account indicated)**

Net gains (losses) from risk management instruments, included in the Statements of Operations, are listed in the table below for the years ended December 31:

Derivative Investments (in thousands)	2020 Net Gains (Losses) on Investments		2019 Net Gains (Losses) on Investments	
	Realized	Unrealized	Realized	Unrealized
Forward commitments	$ 12,126	$ (275)	$ 8,211	$ (1,055)
Foreign exchange contracts	(32,338)	(5,093)	28,764	(9,721)
Futures contracts	103,684	7,078	66,246	25,515
Credit default swap contracts	(6,337)	(839)	437	1,771
Interest rate swap contracts	(16,337)	(3,368)	(21,041)	8,710
Inflation rate swap contracts	663	1,781	–	36
Zero coupon swap contracts	52	20	(300)	(110)
Options contracts	2,420	343	2,349	293
Total	**$ 63,933**	**$ (353)**	**$ 84,666**	**$ 25,439**

Notes to the Combined Financial Statements

Note 6:
Stable Value Fund – P Series (SVF-P)

SVF-P invests in fixed income securities and GICs. GAAP requires that fair value be based upon the standard discounted cash flow methodology for traditional and variable GICs. Fair value is based on fair value of underlying portfolios for constant duration synthetic GICs.

The SVF-P GICs consist of constant duration and fixed maturity synthetic GICs, which are benefit responsive. These are known as security-backed contracts.

Synthetic GICs consist of a portfolio of securities owned by the fund and a benefit-responsive, book-value wrap contract purchased for the portfolio. The wrap contract amortizes gains and losses of the underlying securities over the portfolio duration and assures that benefit-responsive payments will be made at book value for participant-directed withdrawals. The initial crediting rate is established based on the market interest rates at the time the underlying portfolio is funded.

The total contract value for constant duration and fixed maturity synthetic GICs was $368 million and $357 million at December 31, 2020 and 2019, respectively.

Most investment contracts have book value crediting rates that are reset periodically. The crediting rates are initiated at the inception of each contract and typically are recalculated on a quarterly basis. Applicable book value wrap fees, underlying asset management fees and/or product fees are subtracted from the gross crediting rate to determine a net crediting rate for each reset period.

The primary variables impacting the future crediting rates of security-backed contracts include the current yield of the assets underlying the contract, the duration of the assets underlying the contract, and the existing difference between the fair value of the assets underlying the contract and the contract value. The security-backed contracts are designed to reset their respective crediting rates on a quarterly basis, and the interest credited cannot be less than zero percent (0%).

The crediting rate of security-backed contracts will track current market yields on a trailing basis. The rate reset allows the contract value to converge with the fair value of the underlying portfolio over time, assuming the portfolio continues to earn the current yield for a period of time equal to the current portfolio duration.

To the extent that the underlying portfolio of a security-backed contract has unrealized and/or realized losses, a positive adjustment is made to the adjustment from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the then-current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made to the adjustment from fair value to contract value, and the future crediting rate may be higher than the then-current market rates.

Certain employer-initiated events (e.g., layoffs, plan terminations, mergers, early retirement incentives, employer communications designed to induce participants to transfer from the fund, competing fund transfers, violation of equity wash or equivalent rules in place, and changes of qualification status of employer or plan) are not eligible for book-value disbursements even from fully benefit-responsive contracts. These events may cause liquidation of all or a portion of a contract at a market-value adjustment.

In general, issuers may terminate the contract and settle at other-than-contract value for the following reasons: changes in the qualification status of employer or plan changes, breach of material obligations under the contract, misrepresentation by the contract holder, or failure of the underlying portfolio to conform to the pre-established investment guidelines. Issuers also may make payments at a value other than book value when withdrawals are caused by certain employer-initiated events.

It is unlikely that an event as described above would occur limiting the ability of Wespath to transact at contract value with the contract issuers and also limiting the ability of Wespath to transact at contract value with the participants.

Note 7:
Allocated Net Earnings to Unitized Funds

The assets in the various Wespath-administered investment funds are priced daily and recorded in units to the accounts of plan participants, plan sponsors, institutional investors and plan reserves. The accounts are allocated primarily with their portion of actual earned returns, including realized and unrealized gains and losses, net of all operating expenses which include funding of the operating reserve as discussed in Note 2. Where appropriate, certain administrative costs that are strictly related to the administration of various plans, such as HealthFlex, are charged directly to those plans through an expense allocation process.

Note 8:
HealthFlex

HealthFlex is a self-funded church plan, contracting with certain outside firms for administrative services only. From year to year some of the benefit programs under HealthFlex may be insured by third-party providers. Wespath also participates in a purchasing coalition with other church benefit program administrators, in which aggregate lives are used to negotiate economies of scale for the administration of prescription drug claims.

As the HealthFlex plan administrator, Wespath bills plan sponsors a premium for benefits received by the plan participants. The premium is actuarially determined to cover all plan costs, including premiums paid to insurance companies, self-funded claims and all administrative costs.

Wespath invests the assets of HealthFlex in MAF-P and STIF-P.

Activity for the HealthFlex plan for the years ended December 31 is as follows:

(in thousands)	2020	2019
Premiums		
Medical	$ 156,534	$ 144,462
Other premiums	11,695	9,209
Total premiums	168,229	153,671
Claims		
Medical (net of rebates)	(129,182)	(127,247)
Other expenses	(12,939)	(10,272)
Total claims	(142,121)	(137,519)
Administration		
Wespath	(2,597)	(2,518)
Third-party	(9,826)	(9,412)
Total administration	(12,423)	(11,930)
Net experience	13,685	4,222
Investment earnings (losses)	13,777	14,607
Premium refund dividend*	(12,487)	–
Increase in accumulated reserves	14,975	18,829
Accumulated reserves		
Beginning of year	158,344	139,515
End of year	$ 173,319	$ 158,344

The HealthFlex accumulated reserves are included in the Balance Sheets as part of “Disability, death and health benefit program deposits.”

*** In 2020, HealthFlex declared a premium refund dividend of $12.5 million to plan sponsors. The amount equals premiums paid in March 2020 and was distributed in August 2020. No dividend was declared in 2019.**

Notes to the Combined Financial Statements

Note 9:
Operating Expenses

The components of operating expenses for the years ended December 31 are as follows:

(in thousands)	2020	2019
Salaries	$ 31,959	$ 29,209
Current and retired employee benefits	9,777	9,703
Redirected employee benefit expenses	(1,344)	(1,251)
Professional services	9,205	9,369
Occupancy and other office expenses	3,654	3,628
Computers and other equipment	1,700	1,626
Meetings and travel	626	1,718
Reserve funding	7,503	2,387
Other expenses	5,802	5,768
Total operating expenses	**$ 68,882**	**$ 62,157**

All operating expenses are considered to be programmatic and are allocated to the unitized fund accounts or benefit plans. In 2020 and 2019, Wespath paid $1.3 million in eligible current and retired employee benefits through funding by the General Agency Benefit Trust (GABT) and its associated employee benefit reserve per the terms of the trust. GABT accumulated reserves are included in the Balance Sheets as part of “Plan sponsor and other deposits.”

Note 10:
Tax Status and Positions

Wespath operates exclusively for religious and charitable purposes and is exempt from federal income taxes under IRC section 501(c)(3). The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management believes there are no material uncertain tax positions that require recognition in the accompanying financial statements. While exempt from income tax under IRC section 501(c)(3), Wespath is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the IRC. The tax years ending 2017, 2018, 2019 and 2020 are still open to audit for both federal and state purposes. There were no material interest or penalties related to income taxes that have been accrued or recognized as of and for the years ended December 31, 2020 and 2019.

Note 11: Related Party Transactions

Wespath borrowed certain funds from the CPP welfare plan, one of the plans managed by Wespath, to fund the cost of construction of the headquarters at 1901 Chestnut Avenue, Glenview, Illinois. In exchange, CPP holds a mortgage note payable, secured by the Glenview property. The mortgage note payable has a principal balance of $22.8 million and $23.5 million as of December 31, 2020 and 2019, respectively, and bears an interest rate of 4% (the market rate at the time of a refinancing in July 2016). Wespath makes monthly payments of $137 thousand, which includes interest, through March 2041.

On July 1, 2016, Wespath executed a loan from HealthFlex in the amount of $26 million in order to provide additional funding of non-MPP annuities. The note has an 84-month term and bears a variable interest rate equal to the STIF-P annual rate of return with an additional premium of 70 basis points (currently 1.95%). As described in Note 12, this loan was prepaid in February 2021.

On January 2, 2019, the Illinois Corporation loaned WII $3.5 million for start-up costs, at a rate of 5.875% per year, with an original maturity date of January 1, 2029. In March 2020, the outstanding balance of $3.2 million was forgiven.

These loans are intra-company loans that eliminate upon combination of the financial statements.

The annual principal payments on these loans are as follows:

Years ending December 31 (in thousands)	
2021	$ 11,023
2022	777
2023	809
2024	842
2025	876
Thereafter	18,777
	$ 33,104

Note 12: Subsequent Events

In preparing these financial statements, Wespath has evaluated events and transactions for potential recognition or disclosure through May 12, 2021, the date the financial statements were available to be issued.

On February 18, 2021, Wespath prepaid the HealthFlex loan described in Note 11. At the time of prepayment the principal balance was $9.6 million.

On March 5, 2021, Wespath signed an agreement with The United Methodist Publishing House (UMPH) to assume the sponsorship of an IRC section 401(a) defined benefit plan, called The United Methodist Publishing House Pension Plan. This plan is considered a "church plan" within the meaning of Section 3(33) of ERISA and Section 414(e) of the Internal Revenue Code of 1986. Under the agreement, Wespath assumes the sponsorship obligations of the plan, and in return UMPH transfers certain assets as of the effective date of the closing.

Supplemental Schedules

Combining Statement of Assets and Liabilities and Net Assets

Year Ended December 31, 2020 **Assets** (in thousands)	**WII and *I Series* Funds**	**The Benefit Board and *P Series* Funds**	**Other**	**Eliminations**	**Combined**
Investments					
Equity securities	$ 1,411,188	$ 10,181,409	$ –	$ –	$ 11,592,597
Fixed income securities and contracts	788,171	9,841,954	–	–	10,630,125
Emerging market funds	163,137	1,439,389	–	–	1,602,526
Cash equivalents	164,657	1,355,101	–	–	1,519,758
Limited partnership investments	62,163	1,301,593	–	–	1,363,756
Securities loaned under securities lending agreements	174,339	1,486,594	–	–	1,660,933
Total investments	2,763,655	25,606,040	–	–	28,369,695
Invested collateral from securities lending agreements	118,542	964,960	–	–	1,083,502
Other assets	29,017	316,335	453,715	(404,581)	394,486
Cash	5,552	35,610	488	–	41,650
Total assets	**$ 2,916,766**	**$ 26,922,945**	**$ 454,203**	**$ (404,581)**	**$ 29,889,333**

Liabilities and net assets (in thousands)	**WII and *I Series* Funds**	**The Benefit Board and *P Series* Funds**	**Other**	**Eliminations**	**Combined**
Plan accumulations, plan sponsor deposits and endowments					
Defined contribution plans	$ –	$ 10,240,643	$ 139,102	$ –	$ 10,379,745
Defined benefit plans	–	5,126,875	76,844	–	5,203,719
Annuities	–	5,158,773	4,845	–	5,163,618
Disability, death and health benefit program deposits	–	2,338,037	44,542	–	2,382,579
Plan sponsor and other deposits	2,755,533	2,035,163	95,260	–	4,885,956
Endowments	–	35,813	37,858	–	73,671
Total plan accumulations, plan sponsor deposits and endowments	2,755,533	24,935,304	398,451	–	28,089,288
Payable under securities lending agreements	118,542	964,960	–	–	1,083,502
Other liabilities	37,096	953,906	41,272	(404,581)	627,693
Total liabilities	2,911,171	26,854,170	439,723	(404,581)	29,800,483
Net assets	5,595	68,775	14,480	–	88,850
Total liabilities and net assets	**$ 2,916,766**	**$ 26,922,945**	**$ 454,203**	**$ (404,581)**	**$ 29,889,333**

Supplemental Schedules

Combining Statement of Operations and Changes in Net Assets

December 31, 2020 (in thousands)	**WII and *I Series* Funds**	**The Benefit Board and *P Series* Funds**	**Other**	**Eliminations**	**Combined**
Interest, dividend, partnership and trust investment income	$ 49,682	$ 534,096	$ –	$ –	$ 583,778
Securities lending and other income	430	7,019	67,686	(67,614)	7,521
Investment income	50,112	541,115	67,686	(67,614)	591,299
Net realized gain on investments	148,810	1,188,523	–	–	1,337,333
Net unrealized gain on investments	258,518	1,863,675	–	–	2,122,193
Net gain on investments and investment income	457,440	3,593,313	67,686	(67,614)	4,050,825
Investment management and custodial fees	(7,611)	(74,399)	(150)	–	(82,160)
Net investment earnings	449,829	3,518,914	67,536	(67,614)	3,968,665
Operating expenses	(6,827)	(60,696)	(68,973)	67,614	(68,882)
Net earnings before allocation	443,002	3,458,218	(1,437)	–	3,899,783
Allocated net (earnings) loss to unitized funds	(442,990)	(3,457,970)	6,001	–	(3,894,959)
Allocated to (from) net assets	4,895	12,022	(4,564)	–	12,353
Net increase in net assets	4,907	12,270	–	–	17,177
Net assets:					
Beginning of year	688	56,505	14,480	–	71,673
End of year	$ 5,595	$ 68,775	$ 14,480	$ –	$ 88,850

Other Information

Executive Compensation

Wespath regularly reviews and analyzes market compensation data to help ensure we can attract, retain and help motivate superior leadership in a competitive market while maintaining our commitments to stewardship and strong investment returns. The Wespath Senior Leadership Team, Personnel Committee and Board of Directors take their roles in setting executive compensation seriously—striving to balance the values of the Church in which we serve and the business environment in which we compete for talent.

The executive compensation philosophy for our top five positions, developed with input from an independent compensation consulting firm, is to target the 50th percentile of the comparable market data (excluding long-term incentives) from the composite talent market (+/-10%). A detailed review of total compensation for executives within comparable organizations was completed by an independent compensation consulting firm.

The executive compensation program was found to be consistent with Wespath's compensation philosophy and reasonable under IRS guidelines considering competitive compensation market practices.

In choosing the comparable organizations, several factors were considered, including the mix and complexity of the products and services offered, the clients being served and asset size. Companies with whom we compete for talent were considered, as well as data from a published survey of other church benefits organizations. Wespath, with over $28 billion in assets under management, is the largest participating organization in the church survey.

Total Cash Compensation (in thousands) **2020**	
Chief Executive Officer	
For Profit*	$ 1,882.0
Composite**	1,634.7
Wespath	1,243.6
Chief Operating Officer	
For Profit*	$ 723.9
Composite**	665.1
Wespath	604.1
Chief Investment Officer	
For Profit*	$ 997.9
Composite**	859.8
Wespath	556.0
Chief Financial and Information Officer	
For Profit*	$ 665.5
Composite**	594.4
Wespath	475.6
Chief Legal Officer	
For Profit*	$ 583.1
Composite**	529.2
Wespath	479.3

* Median (50th percentile) of total cash compensation at for-profit organizations

** Median (50th percentile) of total weighted cash compensation including base salary from for-profit organizations (75%) and not-for-profit organizations (25%).

Audit Committee

Wespath's Audit Committee generally is composed of six members from the Board of Directors and four non-board committee members who have specialized accounting or auditing experience and expertise. The Wespath Board of Directors has adopted a written charter for the Audit Committee. The Wespath Board of Directors has determined that more than one member of the Audit Committee is an auditing and financial expert, as defined in its charter.

The Audit Committee selects Wespath's independent certified public accounting firm and reviews the professional services it provides. The Audit Committee reviews the scope of the audit performed by the independent certified public accounting firm, its report on the audit, Wespath's annual financial statements, any material comments contained in the auditor's communication to the Audit Committee, Wespath's internal accounting controls, and other matters relating to accounting, auditing and financial reporting as it deems appropriate. The Audit Committee has discussions at least once a year with the external auditor without management being present. The Audit Committee reviews the external auditor's scope of work and related fees and expenses to determine that Wespath has not hired the firm for other significant amounts of work. The Audit Committee discusses with Wespath's internal audit service provider and with appropriate Wespath management the overall scope and plans for their respective audits. The Audit Committee regularly meets with each to discuss the results of their examinations and their observations and recommendations regarding Wespath's internal controls.

Investment Managers, Positive Social Purpose Lending Program Intermediaries, Banks, Auditors and Consultants

Investment Managers

Adams Street
Chicago, Illinois
USEF-P – *private equity*
IEF-P – *private equity*

AMERRA Capital Management
New York, New York
IEF-P – *private equity*

Baillie Gifford
Edinburgh, Scotland
IEF-I, IEF-P – *international equity*

BlackRock
San Francisco, California; New York, New York
IPF-I, IPF-P – *inflation-protected fixed income*
FIF-I, FIF-P – *corporate and agency fixed income*
ETFIF-P – *long duration fixed income*
USEF-I, USEF-P – *domestic equity*
USEIF-I, USEIF-P – *domestic equity*
IEF-I, IEF-P – *international equity*

Blackstone Group
New York, New York
IEF-I, IEF-P – *private real estate*
SOF-P – *private real estate debt*
FIF-I, FIF-P – *private real estate debt*

Brown Capital Management
Baltimore, Maryland
USEF-I, USEF-P – *domestic equity*

The Bank of New York Mellon
Pittsburgh, Pennsylvania
USEF-I, USEF-P, USEIF-I, USEIF-P, SVCEF-P, ETFIF-P, IEF-I, IEF-P, FIF-I, FIF-P, IPF-I, IPF-P, SVF-P, STIF-I, STIF-P, SVCBF-P, USTPF-I, USTPF-P, AIF-P, LMFIF-P – *securities lending*

Cabot Properties
Boston, Massachusetts
USEF-P – *private real estate*

Capital Group
Los Angeles, California
FIF-I, FIF-P – *emerging markets debt*
IEF-I, IEF-P – *developed and emerging markets international equity*

CBRE Global Advisors
Los Angeles, California
USEF-I, USEF-P – *private real estate*

Cerberus Capital Management
New York, New York
USEF-P – *private real estate*
SOF-P – *private real estate distressed debt and equity*

Conservation Forestry
Exeter, New Hampshire
SOF-P – *timber*

Credit Suisse Asset Management
New York, New York
IPF-I, IPF-P – *senior secured loans*

Disciplined Growth Investors
Minneapolis, Minnesota
USEF-I, USEF-P – *domestic equity*

Dodge & Cox
San Francisco, California
SVF-P – *stable value fixed income*
ETFIF-P – *fixed income*

Equity International Management
Chicago, Illinois
IEF-P – *private real estate*

Genesis Investment Management
London, England
IEF-I, IEF-P – *emerging markets equity*

Gresham Investment Management
New York, New York
IPF-I, IPF-P – *commodities*

Hancock Timber Resource Group
Boston, Massachusetts
IPF-P – *timber*
SOF-P – *timber*

HarbourVest
Boston, Massachusetts
IEF-I, IEF-P – *private equity*

Hotchkis and Wiley Capital Management
Los Angeles, California
USEF-I, USEF-P – *domestic equity*

Hutensky Capital
Hartford, Connecticut
USEF-P – *private real estate*

H/2 Capital
Stamford, Connecticut
SOF-P – *private real estate distressed debt*

Impax Asset Management
London, England
USEF-I, USEF-P – *domestic equity*
IEF-I, IEF-P – *international equity*

Investment Managers, Positive Social Purpose Lending Program Intermediaries, Banks, Auditors and Consultants

Investment Managers (continued)

Jaguar Listed Property
New York, New York
IEF-I, IEF-P – *international REITs*

JP Morgan Investment Management
New York, New York
USEF-I, USEF-P – *private equity*

Kabouter Management
Chicago, Illinois
IEF-I, IEF-P – *international equity*

Lone Star Funds
Dallas, Texas
FIF-P – *private real estate distressed debt and equity*
SOF-P – *private real estate distressed debt and equity*

Mellon Investments
San Francisco, California
SVF-P – *stable value fixed income*

Metro Storage
Lake Forest, Illinois
SOF-P – *private real estate*

Mondrian Investment
London, United Kingdom
IEF-I, IEF-P – *international equity*

Neuberger Berman Investment Advisers
Chicago, Illinois
FIF-P, SVF-P – *fixed income*
USTPF-I, USTPF-P – *inflation-protected fixed income*
IPF-I, IPF-P – *short duration fixed income*
ETFIF-P – *long duration fixed income*

Northern Trust Quantitative Advisers
Chicago, Illinois
USEF-I, USEF-P – *domestic equity*
SVCEF-P – *domestic and international sustainable equity*

Nuveen Alternative Advisors
Charlotte, North Carolina
SOF-P – *agribusiness*

Oaktree Capital Management
Los Angeles, California
FIF-I, FIF-P – *high-yield fixed income*
IEF-I, IEF-P – *emerging markets international equity*

Pacific Investment Management (PIMCO)
Newport Beach, California
AIF-P, FIF-I, FIF-P, LMFIF-P, SVCBF-P – *fixed income*
IPF-I, IPF-P – *emerging markets inflation-protected fixed income*
MAF-I, MAF-P, SOF-P – *opportunistic fixed income*

Parametric Clifton
Minneapolis, Minnesota
USEF-I, USEF-P – *U.S. equity index financial futures*
IEF-I, IEF-P – *international equity index financial futures*
MAF-I, MAF-P – *equity and fixed income financial futures*
ETFIF-P – *fixed income financial futures*

Pearlmark Real Estate
Chicago, Illinois
USEF-P – *private real estate*

PGIM Fixed Income
Newark, New Jersey
SVF-P – *stable value fixed income*
ETFIF-P – *fixed income*

PGIM Investments
Madison, New Jersey
USEF-I, USEF-P – *private real estate*
SOF-P – *private real estate*

Prism Capital
Chicago, Illinois
USEF-P – *private equity*

The Rohatyn Group
New York, New York
IPF-P – *international infrastructure*
SOF-P – *international infrastructure*

Schroders Investment Management
New York, New York
FIF-P – *fixed income*

Sprucegrove Investment Management
Toronto, Ontario, Canada
IEF-I, IEF-P – *international equity*

Stafford Capital
Austin, Texas
USEF-P – *private equity*

Systima Capital Management
Chicago, Illinois
SOF-P – *real estate debt*

TA Associates Realty
Boston, Massachusetts
USEF-P – *private real estate*

Townsend Group
Cleveland, Ohio
USEF-I, USEF-P – *private real estate*

Tricon Capital Group
Toronto, Ontario, Canada
USEF-P – *private real estate*

Investment Managers (continued)

Waterfall Asset Management
New York, New York
IPF-P – *asset-backed securities*

Wellington Management
Boston, Massachusetts
FIF-I, FIF-P – *fixed income*
USEF-I, USEF-P – *domestic equity*
IEF-I, IEF-P – *international equity*
Sweep Account – *short term fixed income*

Wespath Benefits and Investments
Glenview, Illinois
AIF-P, PSPLF-P, FIF-I, FIF-P – *loan participations to support affordable housing and community development*

Zevenbergen Capital Management
Seattle, Washington
USEF-I, USEF-P – *domestic equity*

Positive Social Purpose (PSP) Lending Program Intermediaries

Bellwether Enterprise Real Estate Capital
Columbia, Maryland

California Community Reinvestment Corporation
Los Angeles, California

Capital Impact
Arlington, Virginia

Cinnaire Corporation
Lansing, Michigan

The Community Development Trust
New York, New York

Community Investment Corporation
Chicago, Illinois

The Community Preservation Corporation
New York, New York

Community Reinvestment Fund
Minneapolis, Minnesota

Greystone Servicing Corporation
Atlanta, Georgia

The Low Income Investment Fund
San Francisco, California

New Hampshire Housing Finance Authority
Bedford, New Hampshire

Renewable Energy Intermediary

Developing World Markets
Stamford, Connecticut

Custodial Bank

The Bank of New York Mellon Corporation
Pittsburgh, Pennsylvania

Commercial Bank

The Northern Trust Company
Chicago, Illinois

Independent Certified Public Accounting Firm

Grant Thornton
Chicago, Illinois

Internal Auditors

InGuardians
Washington, District of Columbia

Protiviti
Chicago, Illinois

Actuarial Consultant

Willis Towers Watson
New York, New York

Summary
Fund Benchmarks and Details

1 The Multiple Asset Fund – P Series (MAF-P) performance benchmark is 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) ex-USA Investable Market Index (IMI), 25% Bloomberg Barclays U.S. Universal Index ex-Mortgage Backed Securities (MBS) and 10% Inflation Protection Fund – P Series (IPF-P) Benchmark, effective January 1, 2017. The IPF-P Benchmark consists of 80% Bloomberg Barclays World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. From January 1, 2016 to December 31, 2016, the benchmark for MAF-P was 40% Russell 3000 Index, 25% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index ex-MBS, and 10% IPF-P Benchmark. From January 1, 2014 to December 31, 2015, the benchmark for MAF-P was 40% Russell 3000 Index, 25% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index ex-MBS and 10% Bloomberg Barclays U.S. Government Inflation Linked Bond Index. From January 1, 2006 to December 31, 2013, the benchmark for MAF-P was 45% Russell 3000 Index, 20% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index MBS and 10% Bloomberg Barclays U.S. Government Inflation-Linked Bond Index. Prior to January 1, 2006, the benchmark for MAF-P was 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index and 35% Lehman Brothers U.S. Universal Index. Descriptions of each component of this blended benchmark are found elsewhere in this section.

2 The U.S. Equity Fund – P Series (USEF-P) and U.S. Equity Index Fund – P Series (USEIF-P) performance benchmark is the Russell 3000 Index. The index measures the investment performance of the 3,000 largest (based on total market value) U.S. companies, representing approximately 98% of the publicly traded companies available for investment in the U.S. equity market.

3 The International Equity Fund – P Series (IEF-P) performance benchmark is the MSCI ACWI ex-USA IMI, effective January 1, 2008. The index measures the performance of equities of companies domiciled in developed and emerging markets, excluding the U.S. From January 1, 2006 through December 31, 2007, the benchmark for IEF-P was the MSCI ACWI ex-USA Index. Prior to January 1, 2006, the benchmark was the MSCI EAFE Index.

4 The Fixed Income Fund – P Series (FIF-P) performance benchmark is the Bloomberg Barclays U.S. Universal Index (excluding mortgage-backed securities), effective August 24, 2016. The index consists of the U.S. Aggregate Bond Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index. Non-dollar denominated issues are excluded from the index. The benchmark was the Barclays U.S. Universal Index (excluding mortgage-backed securities), formerly the Lehman U.S. Universal Index (excluding mortgage-backed securities), from January 1, 2006 to August 23, 2016. From January 1, 2003 through December 31, 2005, the benchmark was the Lehman U.S. Aggregate Bond Index. Prior to January 1, 2003, the benchmark had been the Lehman Intermediate Aggregate Bond Index.

5 The Inflation Protection Fund – P Series (IPF-P) performance benchmark is 80% Barclays World Government Inflation Linked Bond Index (Hedged), 10% Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index, effective January 1, 2016. The Barclays World Government Inflation Linked Bond Index (Hedged) measures the investment performance of a portfolio of developed market investment grade, government inflation-linked debt. The Barclays Emerging Market Tradeable Inflation Linked Bond Index measures the investment performance of a portfolio of local currency emerging markets inflation-linked government debt. The Bloomberg Commodity Index measures the investment performance of a broadly diversified portfolio of futures contracts on physical commodities. From January 1, 2006 to December 31, 2015, the IPF-P benchmark was the Barclays Capital U.S. Government Inflation Linked Bond (Series B) Index. From April 1, 2005 to December 31, 2005, the benchmark was a blended index based on the following weightings: Barclays Capital U.S. Government Inflation-Linked Bond Index (50%) and Barclays Capital Global Inflation-Linked Bond Index (50%). Prior to April 1, 2005, the benchmark was the Barclays Capital U.S. Government Inflation-Linked Bond Index.

6 The Social Values Choice Equity Fund – P Series (SVCEF-P), formerly the Equity Social Values Plus Fund, performance benchmark is the MSCI World Environmental, Social and Governance (ESG) ex-Fossil Fuels Index, effective April 1, 2017. The index includes companies with highly rated sustainable policies and practices and excludes companies with exposure to fossil fuel reserves used for energy purposes. Prior to April 1, 2017, the benchmark was the MSCI World Custom Environmental, Social, and Governance (ESG) Special Weighted Index.

7 The Extended Term Fixed Income Fund – P Series (ETFIF-P) performance benchmark is the Bloomberg Barclays U.S. Long Government/Credit Bond Index. The index measures the investment performance of a portfolio of investment grade, fixed rate U.S. Treasuries, government related and corporate securities that are U.S. dollar denominated and have a maturity of 10 years or more.

8 The Social Values Choice Bond Fund – P Series (SVCBF-P) performance benchmark is the Bloomberg Barclays U.S. Universal ex-MBS Index. The index consists of the following Barclays indices: the U.S. Aggregate Bond Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index. Non-dollar denominated issues are excluded from the index.

9 The U.S. Treasury Inflation Protection Fund – P Series (USTPF-P) performance benchmark is the Bloomberg Barclays U.S. Inflation Linked Bond Index. The index measures the investment performance of U.S. Treasury Inflation Protected Securities.

10 The Stable Value Fund – P Series (SVF-P) performance benchmark is the Bank of America Merrill Lynch 3-Month Treasury Bill Index, effective January 1, 2016. The index measures the investment performance of the 3-month sector of the U.S. Treasury Bill market. From November 18, 2002 (the fund's inception) to December 31, 2015, the SVF-P benchmark was the Bank of America Merrill Lynch Wrapped 1-5 Year Corporate Government Index. The BofA ML Wrapped 1-5 Year Corp. Govt. Index is a custom index that started on December 1, 2002 to coincide with the inception of SVF-P. This index does not reflect actual performance; performance has been adjusted to represent the assumed rate of return that would have been achieved if the BofA ML 1-5 Year Corp. Govt. Index had been wrapped for book value returns. This index has been established and calculated by Standish Mellon Asset Management, is not sponsored or licensed by BofA Merrill Lynch, and is not available for direct investment. The index assumes a 12 basis point annual book value wrap fee from inception to June 30, 2004; 10 basis points from then until December 31, 2008; 15 basis points from then until December 31, 2011; and 20 basis points thereafter. These wrap fee assumptions are Standish's view of the industry's average during these points in time. The Crediting Rate formula applied is: CR = (((1+YTM)* ((MV/BV)^(1/D)))-1, where CR is equal to the book value crediting reset rate, YTM is the market yield to maturity of the underlying asset(s), MV is the market value of the underlying asset(s), BV is the book value of the synthetic wrap contract and D is the duration of the underlying asset(s).

11 The Short Term Investment Fund – P Series (STIF-P) performance benchmark is the BofA Merrill Lynch 3-Month Treasury Bill Index. The index measures the investment performance of the 3-month sector of the U.S. Treasury Bill market. The performance is the actual returns generated by STIF-P from the date of its inception, and it includes the performance of Wespath's investments managed with the same strategy prior to the introduction of STIF-P.

12 The performance shown is for the stated time period only.

13 Historical returns are not indicative of future performance. The prices of investment funds will rise and fall with the value of the investments held in the funds. The units an investor owns may be worth more or less than their purchase price when redeemed. Investment results shown here are after all investment, administrative and custodial expenses. Investment performance is presented net-of-fees—that is, with the deduction of external investment management fees, custody fees, and administrative and overhead expenses.

The investments of the funds may vary substantially from those in the applicable benchmark. The benchmarks are based on widely-available market indices, which are unmanaged and are not subject to fees and expenses typically associated with investment funds. Investments cannot be made directly in an index. Please refer to the *Investment Funds Description – P Series* for more information about the *P Series* funds. Please refer to the *Investment Funds Description – I Series* for more information about the *I Series* funds. This is not an offer to purchase securities. Wespath investment funds are neither insured nor guaranteed by the government.

14 The inception dates for the *P Series* funds are as follows: Social Values Choice Bond Fund – P Series and U.S. Treasury Inflation Protection Fund – P Series: June 30, 2017; Extended Term Fixed Income Fund – P Series: May 29, 2015; Social Values Choice Equity Fund – P Series and U.S. Equity Index Fund – Series: December 31, 2014; Inflation Protection Fund – P Series: January 5, 2004; Stable Value Fund – P Series: November 18, 2002; Multiple Asset Fund – P Series and Short Term Investment Fund – P Series: April 30, 2002; for all other *P Series* funds, the inception date is December 31, 1997. The inception date for all *I Series* funds is January 1, 2019.

15 The Multiple Asset Fund – I Series (MAF-I) performance benchmark is a blended benchmark comprised of 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) ex-USA Investable Market Index (IMI), 25% Bloomberg Barclays U.S. Universal Index ex-Mortgage Backed Securities (MBS) and 10% IPF-I performance benchmark. The IPF-I performance benchmark consists of a blended benchmark comprised of 80% Bloomberg Barclays World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. Descriptions of each component of this blended benchmark are found elsewhere in this section.

16 The U.S. Equity Fund – I Series (USEF-I) and U.S. Equity Index Fund – I Series (USEIF-I) performance benchmark is the Russell 3000 Index. The index measures the investment performance of the 3,000 largest (based on total market value) U.S. companies, representing approximately 98% of the publicly traded companies available for investment in the U.S. equity market.

17 The International Equity Fund – I Series (IEF-I) performance benchmark is the MSCI All Country World Index (ACWI) ex USA Investable Market Index (IMI). The index measures the performance of equities of companies domiciled in developed and emerging markets, excluding the U.S.

18 The Fixed Income Fund – I Series (FIF-I) performance benchmark is the Bloomberg Barclays U.S. Universal Index (excluding mortgage-backed securities). The index consists of the U.S. Aggregate Bond Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index. Non-dollar denominated issues are excluded from the index.

19 The Inflation Protection Fund – I Series (IPF-I) performance benchmark is a blended benchmark 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. The Barclays World Government Inflation Linked Bond Index (Hedged) measures the investment performance of a portfolio of developed market investment grade government inflation-linked debt. The Barclays Emerging Market Tradeable Inflation Linked Bond Index measures the investment performance of a portfolio of local currency Emerging Markets inflation-linked government debt. The Bloomberg Commodity Index measures the investment performance of a broadly diversified portfolio of futures contracts on physical commodities.

20 The U.S. Treasury Inflation Protection Fund – I Series (USTPF-I) performance benchmark is the Bloomberg Barclays U.S. Inflation Linked Bond Index. The index measures the investment performance of U.S. Treasury Inflation Protected Securities.

21 The Short Term Investment Fund – I Series (STIF-I) performance benchmark is the BofA Merrill Lynch 3-Month Treasury Bill Index. The index measures the investment performance of the 3-month sector of the U.S. Treasury Bill market.

Some of the funds listed in the Summary section (investment results, pages 8-14) invest in both individual securities and in units of the other funds shown. As a result, the total asset amounts in the Summary section do not sum to the total investments in the financial statements.

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