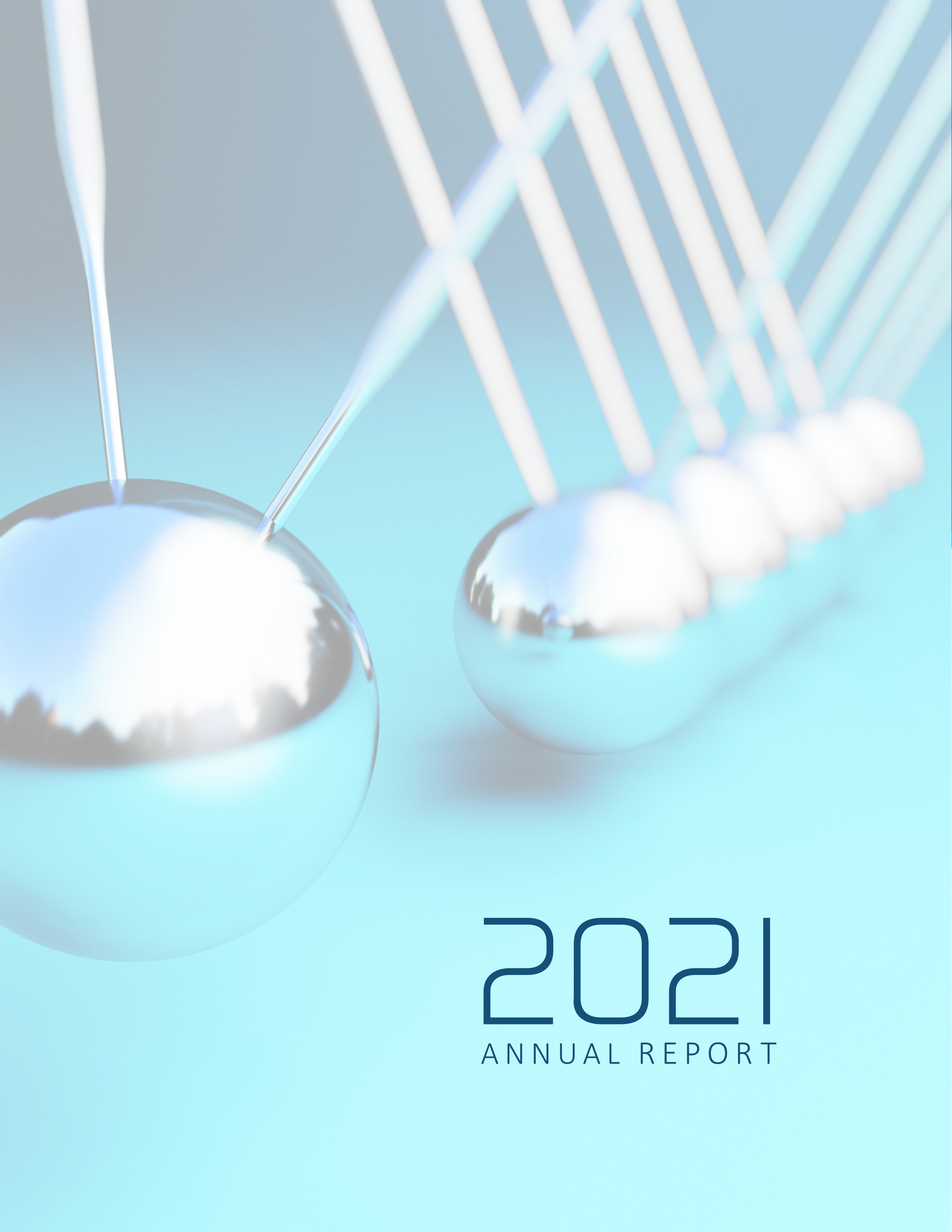
Wespath

BENEFITS | INVESTMENTS

2021 ANNUAL REPORT

a general agency of The United Methodist Church



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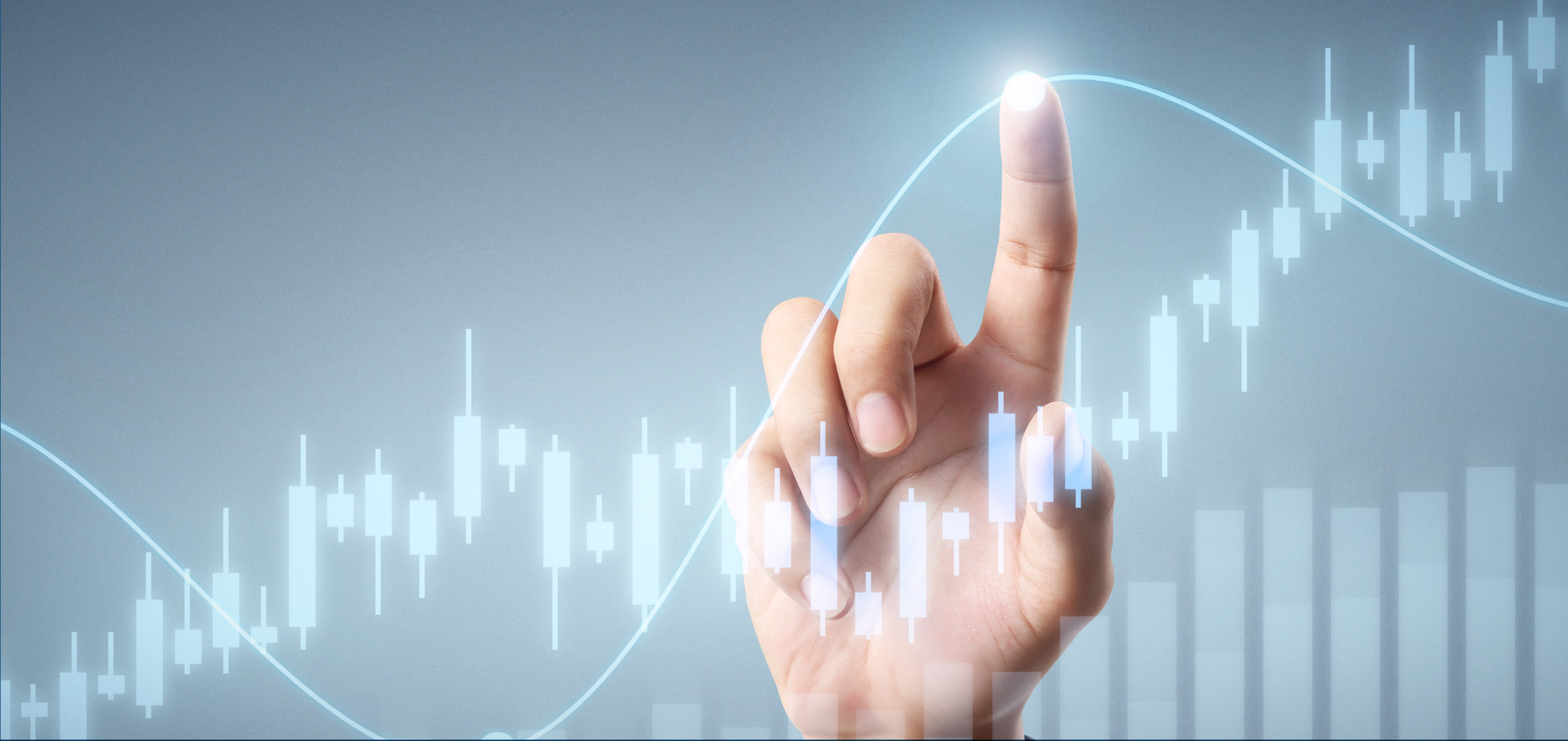

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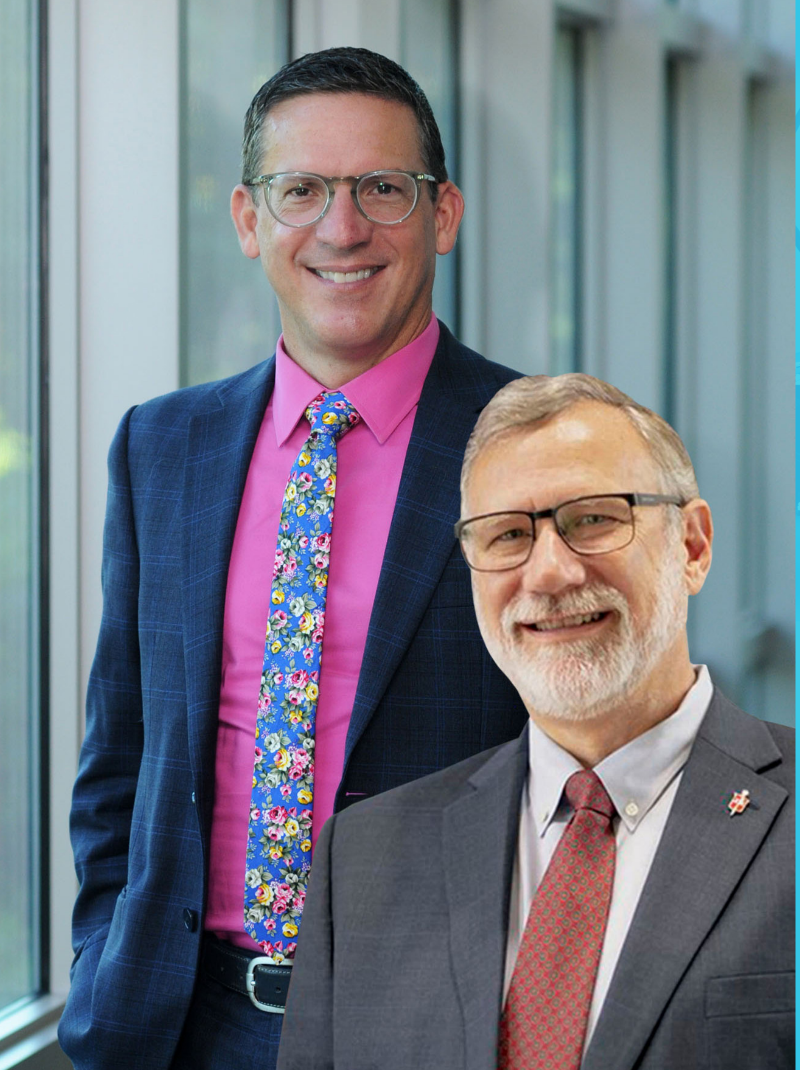

A Message from the Chair of the Board and the General Secretary

Momentum, Commitment, Connection

"Wespath strives to build a brighter, more equitable future, driven by a belief that we all do better when everyone has the resources and means to succeed."

On January 3, 2022, Andrew (Andy) Hendren (pictured left, with Bishop Robert Schnase) became Wespath's new general secretary/CEO. A Wespath employee since 2004, Andy is well-grounded in Wespath's mission of service and has deep relationships across the Church and other faith traditions.

In a year of global pauses, changes, challenges and progress, Wespath moved forward, rooted in our commitment to shape a more sustainable future; inspired through connection across the Methodist faith; and driven by our mission of caring for those who serve.

With an eye to the future, we continued to focus on evolving our service model and plan strategically for the remainder of this decade and beyond to benefit our over 100,000 participants, more than 140 institutional investors, annual conferences, local churches, general agencies and other ministries of The United Methodist Church (UMC), as well as other customers and stakeholders.

New leadership for a new era

2021 closed with a milestone transition for our agency. Barbara Boigegrain retired after 27 years as Wespath's longest-serving general secretary and CEO. Under her leadership, Wespath grew, sharpened its long-term vision, and matured into the well-respected steady support and investment leader it is today.

In turn, 2022 began with new leadership to build upon Barbara's legacy and evolve Wespath for a new era. Led by a Senior Leadership Team that includes transformed roles, tenured members and new leaders, and guided by our seasoned Board of Directors, Wespath will continue to steadfastly support those we serve in these disrupted times.

Future-focused

We are taking a long-term strategic view to sharpening our customer-centric focus and keeping pace with the rapid advance of technology all around us. We are exploring creative ways to harness the potentials of technology as we position Wespath's plans and services to excel in an increasingly digital-first future.

We are innovating benefits delivery and retooling the benefits administration experience in ways that will make it easier for participants to understand and access their benefits. On the retirement planning side, for example, we completed foundational work in 2021 for new features that reconfigure the spending phase of retirement benefits. We want participants not merely to have adequate support in their golden years, but to thrive.

Our customer-oriented innovations include two new features in the LifeStage Retirement Income (LSRI) program: first, a "Social Security bridge" that allows participants to defer initiating Social Security benefits to a later age so they gain a greater benefit; and, second, an optional deferred annuity designed to protect retirees from outliving their retirement savings. These enhancements to LSRI are cutting-edge and will launch in 2022. Parallel features are designed into the proposed Compass retirement plan for UMC clergy, which must await UMC General Conference approval.

Caring through connection

Connection for the greater good has been intrinsic to Methodism since the early days of circuit riders. We accomplish more when we collaborate.

On Earth Day 2021, Wespath joined 10 fellow UMC agencies with a pledge to amplify efforts for reducing greenhouse gas emissions produced by our own agencies—a step in protecting the planet. Climate advocacy—like our advocacy on human rights, diversity and other issues—aligns with John Wesley's directive to "do all the good you can in all the ways you can" and with Wespath's commitment to deliver competitive financial returns that support healthy financial futures for participants and institutional investors. Additionally, our engagement approach creates value in those companies in which we invest—orienting them to succeed in a changing future.

Widening our circle of service

As the UMC takes on a more segmented shape going forward, Wespath is positioning itself to serve more than one understanding of church through our benefit programs and institutional investment services. We are fortifying relationships with influencers across the spectrum of views within the UMC and creating new relationships with groups that represent a broader definition of Methodism and related Christian faiths.

Wespath's ability to serve a more diverse universe of faith-based customers that is grounded in missional values is fundamental to our vision of long-term sustainability. We are firmly positioned to widen our circle of service in years ahead.

Shaping a more equitable future

Wespath strives to build a brighter, more equitable future, driven by a belief that we all do better when everyone has the resources and means to succeed.

In 2021, we intensified our commitment to diversity, equity and inclusion (DEI). Within Wespath, diversity of identities, backgrounds, experiences, cultures, talents and perspectives among our employees makes our agency more resilient and attuned to customer needs. Our learnings in partnership with the National Diversity Council early in the year resulted in a dedicated DEI Council—a diverse group of employees who are working to ensure Wespath continually strives to be a more diverse, equitable and inclusive workplace.

Our multi-year focus on clergy financial well-being is expanding through a $250,000 grant from the Lilly Endowment Inc.'s National Initiative to Address Economic Challenges Facing Pastoral Leaders. Wespath's third grant is targeted to provide resources for clergy groups most adversely affected by the pandemic and groups typically underserved or under-represented.

$29.8+ billion
assets under management

100,000+
participants

140+
institutional investors

Assurance and transparency

Transparency and integrity are core to our stewardship responsibility. Wespath joined over 1,700 investment advisers worldwide by formalizing its compliance with the Global Investment Performance Standards (GIPS), a uniform reporting standard. By following GIPS, and having our compliance independently certified, our customers are provided added assurance about our investment performance. We also issued our first comprehensive System and Organization Controls (SOC-1) audit report. Wespath's SOC-1 provides transparency into Wespath's processes, controls and systems that are relevant to the financial reporting and controls of our plan sponsors and investors, and additional assurance to our participants.

These measures underscore Wespath's reputation as a trusted beacon for participants, institutional clients, plan sponsors and other stakeholders.

Momentum for the future

Rooted in our commitment to those we serve—and inspired through connection and shared values—we continue our journey of stewardship evangelism toward a more sustainable, equitable and promising future. Wespath's Board and leadership will steer Wespath steadily into a new era as we look to serve a wider circle of customers that share Wesleyan values and principles in the spirit of Christian unity and shared purpose.

Yours in service to Christ,

Bishop Robert Schnase
Chairperson, Board of Directors

Andrew Q. Hendren
General Secretary and Chief Executive Officer

A Message from the Chief Investment Officer

"Wespath continues to invest for the long-term, consistent with our Investment Beliefs, remaining focused on the financial welfare of our participants and missions of our institutional investors."

(l to r) Jake Barnett, director–Sustainable Investment Stewardship, and David Zellner, chief investment officer

The world economy, eager to forget 2020 and move forward into a year that promised COVID-19 vaccine rollouts and a potential return to "normalcy," encountered new challenges in 2021. While 2020's pandemic response helped inform government measures to mitigate subsequent stages of COVID-19—notably Delta and Omicron—the pandemic created fresh economic dynamics and complexities: global supply chain disruptions and shortages, changes in consumer spending patterns, labor market disruptions, and the highest rate of inflation in 40 years.

Despite this new chapter in the world's economic playbook, Wespath continues to invest for the long-term, consistent with our Investment Beliefs, remaining focused on the financial welfare of our participants and missions of our institutional investors. This focus guides us in our efforts to protect and provide for the future.

Markets rally, consumer demand rises, workers resign, and inflation takes centerstage

The pandemic-driven economic transformation in the U.S. is unlike anything seen in a generation. While the markets rallied and demand surged, companies struggled to retain employees and consumers felt inflation's tight grip on their wallets.

U.S. stock market returns—as represented by the S&P 500—exceeded 20% for the third year running and the fourth year out of the past five. But the dynamics shifted. Dominant tech, or "mega-cap" giants—like Apple and Microsoft—continued their gains while market leadership shifted away from previous lockdown winners—such as Teledoc and Peloton—and returned to more traditional companies in energy, real estate and finance.

Conversely, bond prices declined, negatively affected by inflationary pressures. A broad index of traditional fixed income securities declined 1%. On the other hand, an index of U.S. government bonds that protect against inflation—the Bloomberg U.S. Government Inflation-Linked Index—gained 6%.

Regarding inflation, consumers felt the pressure of rising prices from the grocery store to the car lot. Unprecedented fiscal and monetary stimulus, a dramatic rise in consumer spending as economies reopened, and disrupted supply chains across the globe contributed to a 7.0% increase in the Consumer Price Index for the year—the highest rate of inflation in the last 40 years!

Concurrently, labor disruptions continued to build. While 2021 ended with a low unemployment rate of 3.9%, the total number of available workers remained 8 million below pre-pandemic levels. Termed "The Great Resignation," workers left the workforce in droves, whether due to early retirements, to care for family, or simply dissatisfied with their current job situation—leaving a staggering record 11 million jobs open.[1]

Adjusted for inflation, the U.S. economy grew 5.9% in 2021, following the contraction of 3.4% in the prior year. The International Monetary Fund forecasts solid global growth in the year ahead, with 4.0% U.S. GDP expected in 2022 and 4.8% across developing economies.[2]

Outside the U.S., international stocks saw smaller gains of 8.5%, based on the MSCI All Country World (ex-US) IMI (ACWI ex-US) Index Net. While Chinese stocks continue to represent a growing component of international markets, the country's aggressive lockdowns, regulations in the technology sector and fallout from real estate defaults led to a 21% decline in the MSCI China IMI Index.

Information about how 2021's market and economic activity impacted investment fund performance is available in the *Summary: Financial Markets and Investment Results* sections of this report on pages 8-11 for the P Series funds, and pages 12-14 for the I Series funds.

Investing for a more sustainable and equitable future

Through the assets we manage, Wespath strives to build a more equitable future. Our sustainable economy framework guides our investment efforts. We believe that meeting the financial expectations of our stakeholders requires that we all work to create and support a sustainable global economy—one that promotes long-term prosperity for all, with equal opportunities for advancement; social cohesion, with reliable access to basic necessities; and environmental health, with resilient ecosystems. We believe economic, racial and societal inequities impede progress toward a sustainable global economy and a just world.

In 2021, an imbalance of resources intensified the human toll of COVID-19 in many parts of the world, slowing the global economic recovery. To address the disparity in vaccine availability between developed and developing countries, Wespath joined initiatives calling for a fair, ethical and equitable response to the pandemic, including signing onto the Access to Medicine Foundation's global investor statement on COVID-19, urging pharmaceutical companies to meet vaccine demand on a global scale.

Through our active membership in the Investors for Opioid and Pharmaceutical Accountability (IOPA), we continue to engage drug manufacturers, distributors and pharmacies on the risks of opioids and pharmaceuticals to society, the economy and shareholder value.

2021 Commitment:

35% reduction

in the carbon intensity of our investments by 2025 (from October 2018 levels)

$200+ million

raised in institutional assets (2021)

7

new institutional investors

We continued our work with the Thirty Percent Coalition—which seeks to increase diversity on corporate boards and within senior leadership. We also engaged on issues related to the broader workforce through the Human Capital Management Coalition, focusing on implementing best practices to ensure quality employment for all.

In addition, Wespath demonstrated its support for other important issues, such as permanent federal paid family and medical leave, and the adoption of more ambitious emissions reduction targets.

Through the United Nations (UN)-convened Net-Zero Asset Owner Alliance (Alliance), Wespath is pursuing strategies that will align its investments with a goal of net-zero carbon emissions by 2050. In 2021, we committed to reduce the carbon intensity of our investments 35% by 2025 from October 2018 levels. We co-lead the Alliance's engagement track. Our objective is to scale our net-zero efforts by urging industry-leading asset managers to apply climate risk considerations across the assets they manage. We also emphasize the importance of a transition to net-zero that is not only fast, but fair and just to communities impacted by the transition.

[1] U.S. Labor Department

[2] International Monetary Fund

We continue our work with Climate Action 100+—through which we engage the world's largest greenhouse gas emitters—where we co-lead ongoing engagements with four companies.

Finally, our Positive Social Purpose (PSP) Lending Program continues to effect meaningful change across the U.S. with its investments in affordable housing. In 2021 the program provided over $48 million in investments to support the creation of 640 affordable housing units across 13 developments in seven states.

The next chapter

As the world continues to endure pivotal changes, Wespath remains steadfast in its commitment to anticipate and address the needs of our stakeholders. As such, in 2021 we launched a new subaccounting offering for our institutional investors that seeks to create operational efficiencies and improve their businesses, leaving them with more time to focus on their missions and work. We will continue to evaluate our investment offering to determine where we may be able to offer further enhancements.

Wespath has stewarded the financial resources that have helped secure the retirement futures of hundreds of thousands of clergy and lay workers, as well as the missions of over 140 United Methodist-related institutional investors. While it will take time for economies, markets and all of us to adapt to the new global paradigm, we will address challenges together, committed to evolving through thoughtful, intentional and strategic change, all while remaining true to our convictions and long-term, diversified investment approach.

David H. Zellner
Chief Investment Officer

Our partners in building a more sustainable and equitable future include:

Access to Medicine Foundation

IOPA Investors for Opioid and Pharmaceutical Accountability

Thirty Percent Coalition

UN-convened Net-Zero Asset Owner Alliance

Human Capital Management Coalition

Climate Action 100+ Global Investors Driving Business Transition

2021 Highlights

All data as of December 31, 2021 unless otherwise noted

Serving Others

Participants: **Over 100,000**

- **Nearly 114,000** phone calls/emails from participants
- **Over 11,000** benefit education interactions with participants, including **116** virtual events, **665** one-on-one consultations and other outreach programming

Institutional clients: **Over 140**

Impact Investing

Positive Social Purpose Lending Program

$48.57 million in 2021 investment activity

- Supported creation of **640** affordable housing units across **13** projects in **7** states
- **Over $2.10 billion** invested since 1990

Low-Carbon Investments*

$2.49 billion invested in low-carbon solutions

Women- and Minority-Owned Businesses*

$2.18 billion invested with women- and/or minority-owned asset managers

Advocacy and Engagement

- Voted **4,800** proxy ballots
- **31** engagements on issues related to climate, human rights and board diversity

** Total assets invested*

Central Conference Pensions

$1.28 million in pension payments in 2021

- **3,400** retirees and surviving spouses receiving support
- **27** videoconference engagements with benefits officers across Central Conferences
- **$13.62 million** in pension distributions and emergency grants since inception (2006–2021)

Assets Under Management

$29.8+ billion; new institutional investor inflows in 2021: **$200+ million**

Cost of Operations

Wespath does not receive general Church funds to support the cost of its operations. Operations (excluding certain direct plan expenses) are funded solely by passing through our funds' management fees, custody fees, and administrative and overhead expenses. The annual cost from the three components, as a percentage of the investment, was **0.585%** in 2021 and **0.581%** in 2020.

Diversity, Equity and Inclusion

Wespath Staff

267 employees:

- **34.1%** people of color / **65.9%** white
- **57.7%** female / **42.3%** male

Board of Directors

32 members:

- **Over 40%** represented by women and/or people of color

Summary*

Financial Markets and Investment Results—P Series

Net-of-fees; as of December 31, 2021

Multiple Asset Fund – P Series (MAF-P)

Fund: +8.75% Benchmark[1]: +11.61%

Relative Performance (percentage points): ▼ 2.86

- 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). The fund's allocation to equities delivered strong performance amid robust U.S. and international market performance. The fund's allocation to IPF-P also contributed to performance, as inflation-linked securities and commodities increased in value.
- USEF-P, IEF-P and IPF-P all detracted from benchmark-relative performance.

Total Assets: **$7,845M**

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

Fund: +26.06% Benchmark[2]: +25.66%

Relative Performance (percentage points): ▲ 0.40

- USEIF-P delivered a third consecutive year of double-digit returns. Despite the emergence of new COVID-19 variants, supply chain disruptions and persistent inflation, U.S. equity markets gained amid stimulus spending, accommodative monetary policy, improving labor markets and strong consumer spending.
- 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: **$89M**

U.S. Equity Fund – P Series (USEF-P)

Fund: +20.26% Benchmark[2]: +25.66%

Relative Performance (percentage points): ▼ 5.40

- USEF-P delivered a third consecutive year of robust double-digit returns. Despite the emergence of new COVID-19 variants, supply chain disruptions and persistent inflation, U.S. equity markets gained amid stimulus spending, accommodative monetary policy, improving labor markets and strong consumer spending.
- The fund underperformed its benchmark partially due to its underweight allocation to strong performing mega-cap stocks, such as Apple, Microsoft and Alphabet, and its corresponding overweight to small- and mid-cap stocks. The fund's underperforming growth-oriented asset managers also detracted, with investments in e-commerce and telemedicine companies as the most significant detractors. Wespath's Exclusions Policy and the fund's alternative investments positively contributed to benchmark-relative performance.

Total Assets: **$7,932M**

International Equity Fund – P Series (IEF-P)

Fund: +4.40% Benchmark[3]: +8.53%

Relative Performance (percentage points): ▼ 4.13

- IEF-P posted positive performance for the year as global equity markets responded well to vaccine rollouts and continued fiscal and monetary support. Developed markets outperformed emerging markets amid heightened regulatory pressures in China.
- The fund underperformed its benchmark driven by the underperformance of several active managers, including one meaningful allocation to a growth-oriented manager. The fund's active managers' investments in e-commerce companies were the most significant detractors. The fund's policy of adjusting the value of international stocks based on the closing value of U.S. stocks negatively impacted its benchmark-relative performance for the year. Investments in private equity positively contributed to relative performance.

Total Assets: **$5,704M**

* Detailed information about the 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 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 (continued)

Net-of-fees; as of December 31, 2021

Fixed Income Fund – P Series (FIF-P)

Fund: −1.10% Benchmark[4]: −1.12%

Relative Performance (percentage points): ▲ 0.02

- FIF-P's negative performance was driven by rising interest rates, as U.S. Treasuries and investment grade corporate bond values declined. Corporate bonds rated below investment grade positively contributed to performance.
- The fund very modestly outperformed the benchmark. Allocations to Positive Social Purpose Lending Program loans, high-yield-rated corporate debt and alternative investments positively contributed to benchmark-relative performance. The fund's allocations to emerging market bonds and global bonds detracted for the year.

Total Assets: **$6,700M**

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

Fund: +24.65% Benchmark[6]: +24.87%

Relative Performance (percentage points): ▼ 0.22

- SVCEF-P invests in domestic and international markets, both of which posted strong returns in 2021. The fund's exposure to U.S. equities returned over 20 percent for the year amid strong fiscal and monetary policy support.
- 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 negatively impacted its benchmark-relative performance for the year.

Total Assets: **$149M**

Inflation Protection Fund – P Series (IPF-P)

Fund: +6.17% Benchmark[5]: +6.63%

Relative Performance (percentage points): ▼ 0.46

- IPF-P gained during the year as inflation significantly exceeded market expectations, leading to the strong performance of inflation-linked government bonds. The fund's return also reflects robust commodities performance, supported by surging oil prices.
- The fund modestly underperformed the benchmark. Its overweight exposure to U.S. inflation-linked securities, floating-rate loans and cash holdings negatively impacted relative performance. In contrast, the fund's allocations to commodities and global inflation-linked bonds positively contributed.

Total Assets: **$2,153M**

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

Fund: −2.26% Benchmark[7]: −2.52%

Relative Performance (percentage points): ▲ 0.26

- ETFIF-P produced a negative return in 2021, as higher interest rates negatively affected the valuation of long-duration securities.
- The fund's intentional policy of maintaining a lower sensitivity to interest rate movements until interest rates return to higher levels was a contributor to its positive benchmark-relative performance for the year. Strong sector and security selection decisions from the fund's asset managers also contributed.

Total Assets: **$1,620M**

* Detailed information about the 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 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 (continued)

Net-of-fees; as of December 31, 2021

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

Fund: −0.96% Benchmark[8]: −1.12%

Relative Performance (percentage points): ▲ 0.16

- SVCBF-P's modestly negative performance was driven by rising interest rates, as U.S. Treasuries and investment grade corporate bond values declined. Corporate bonds rated below investment grade positively contributed to performance.
- SVCBF-P outperformed the benchmark due to duration positioning and the fund's active manager's security selection in investment-grade corporate bonds.

Total Assets: **$118M**

Stable Value Fund – P Series (SVF-P)

Fund: +1.41% Benchmark[10]: +0.05%

Relative Performance (percentage points): ▲ 1.36

- SVF-P produced modest performance in 2021 despite rising interest rates.
- The fund's relatively high crediting rate compared to its benchmark's minimal yield contributed to its relative outperformance.

Total Assets: **$370M**

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

Fund: +5.61% Benchmark[9]: +6.00%

Relative Performance (percentage points): ▼ 0.39

- USTPF-P posted strong returns during the year as inflation surged, significantly exceeding market expectations and positively impacting inflation-linked government bonds.
- The fund is passively managed and designed to closely match the performance of its benchmark, less fees and expenses.

Total Assets: **$889M**

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

Fund: −0.15% Benchmark[11]: +0.05%

Relative Performance (percentage points): ▼ 0.20

- STIF-P holds cash, cash equivalents and short-term securities with the objective of preserving capital while earning current income higher than money market funds. The U.S. Federal Reserve's (Fed) policy to hold the Fed Funds rate near zero provided little opportunity for return during the year.
- The fund modestly underperformed the benchmark, primarily due to management fees and fund expenses.

Total Assets: **$213M**

* Detailed information about the 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 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 December 31, 2021

Fund	1-Year	3-Years	5-Years	10-Years	Inception[12]
Multiple Asset Fund – P Series (MAF-P)	8.75%	15.89%	11.50%	9.70%	7.98%
MAF-P Benchmark[1]	11.61%	15.46%	10.98%	9.68%	7.65%
U.S. Equity Fund – P Series (USEF-P)	20.26%	25.27%	17.38%	15.58%	8.68%
USEF-P Benchmark[2]	25.66%	25.79%	17.97%	16.30%	8.97%
U.S. Equity Index Fund – P Series (USEIF-P)	26.06%	25.98%	17.98%	–	14.40%
USEIF-P Benchmark[2]	25.66%	25.79%	17.97%	–	14.55%
International Equity Fund – P Series (IEF-P)	4.40%	16.09%	11.99%	8.64%	7.05%
IEF-P Benchmark[3]	8.53%	13.62%	9.83%	7.57%	5.66%
Fixed Income Fund – P Series (FIF-P)	-1.10%	5.72%	4.48%	3.89%	5.34%
FIF-P Benchmark[4]	-1.12%	5.80%	4.24%	3.64%	5.00%
Inflation Protection Fund – P Series (IPF-P)	6.17%	6.94%	4.55%	2.82%	4.08%
IPF-P Benchmark[5]	6.63%	7.83%	5.16%	3.59%	4.86%
Social Values Choice Equity Fund – P Series (SVCEF-P)**	24.65%	23.50%	16.13%	–	12.16%
SVCEF-P Benchmark[6]	24.87%	23.37%	16.11%	–	12.27%
Extended Term Fixed Income Fund – P Series (ETFIF-P)	-2.26%	7.71%	5.62%	–	4.80%
ETFIF-P Benchmark[7]	-2.52%	10.62%	7.39%	–	6.20%
Social Values Choice Bond Fund – P Series (SVCBF-P)	-0.96%	6.13%	–	–	4.15%
SVCBF-P Benchmark[8]	-1.12%	5.80%	–	–	4.03%
U.S. Treasury Inflation Protection Fund – P Series (USTPF-P)	5.61%	8.41%	–	–	5.65%
USTPF-P Benchmark[9]	6.00%	8.74%	–	–	5.94%
Stable Value Fund – P Series (SVF-P)	1.41%	1.69%	1.67%	2.04%	2.85%
SVF-P Benchmark[10]	0.05%	0.99%	1.14%	1.66%	2.51%
Short Term Investment Fund – P Series (STIF-P)	-0.15%	0.98%	1.09%	0.70%	1.30%
STIF-P Benchmark[11]	0.05%	0.99%	1.14%	0.63%	1.28%

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**

* The performance shown is for the stated time period only. 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 performance is presented net-of-fees—that is, with the deduction of 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. This is not an offer to purchase securities.

Detailed information about the fund benchmarks can be found on pages 44-45 of this report.

** Formerly the Equity Social Values Plus Fund

Summary*

Financial Markets and Investment Results—I Series

Net-of-fees; as of December 31, 2021

Multiple Asset Fund – I Series (MAF-I)

Fund: +8.08% Benchmark[13]: +11.61%

Relative Performance (percentage points): ▼ 3.53

- 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). The fund's allocation to equities delivered strong performance amid robust U.S. and international market performance. The fund's allocation to IPF-I also contributed to performance, as inflation-linked securities and commodities increased in value.
- FIF-I, IPF-I, USEF-I and IEF-I detracted from benchmark-relative performance.

Total Assets: **$1,691M**

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

Fund: +25.88% Benchmark[14]: +25.66%

Relative Performance (percentage points): ▲ 0.22

- USEIF-I delivered a third consecutive year of double-digit returns. Despite the emergence of new COVID-19 variants, supply chain disruptions and persistent inflation, U.S. equity markets gained amid stimulus spending, accommodative monetary policy, improving labor markets and strong consumer spending.
- 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: **$105M**

U.S. Equity Fund – I Series (USEF-I)

Fund: +19.02% Benchmark[14]: +25.66%

Relative Performance (percentage points): ▼ 6.64

- USEF-I delivered a third consecutive year of robust double-digit returns. Despite the emergence of new COVID-19 variants, supply chain disruptions and persistent inflation, U.S. equity markets gained amid stimulus spending, accommodative monetary policy, improving labor markets and strong consumer spending.
- The fund underperformed its benchmark partially due to its underweight allocation to strong performing mega-cap stocks, such as Apple, Microsoft and Alphabet, and its corresponding overweight to small- and mid-cap stocks. The fund's underperforming growth-oriented asset managers also detracted, with investments in e-commerce and telemedicine companies as the most significant detractors. WII's Exclusions Policy and the fund's alternative investments positively impacted benchmark-relative performance during the year.

Total Assets: **$1,119M**

International Equity Fund – I Series (IEF-I)

Fund: +3.94% Benchmark[15]: +8.53%

Relative Performance (percentage points): ▼ 4.59

- IEF-I posted positive performance for the year as global equity markets responded well to vaccine rollouts and continued fiscal and monetary support. Developed markets outperformed emerging markets amid heightened regulatory pressures in China.
- The fund underperformed its benchmark driven by the underperformance of several active managers, including one meaningful allocation to a growth-oriented manager. The fund's active managers' investments in e-commerce companies were the most significant detractors. The fund's policy of adjusting the value of international stocks based on the closing value of U.S. stocks negatively impacted its benchmark-relative performance for the year. Investments in private equity positively contributed to relative performance.

Total Assets: **$764M**

* Detailed information about the 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 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.

Net-of-fees; as of December 31, 2021

Fixed Income Fund – I Series (FIF-I)

Fund: −1.14% Benchmark[16]: −1.12%

Relative Performance (percentage points): ▼ 0.02

- FIF-I's negative performance was driven by rising interest rates, as U.S. Treasuries and investment grade corporate bond values declined. Corporate bonds rated below investment grade positively contributed to performance.
- The fund very modestly underperformed the benchmark as the fund's allocations to emerging market bonds and global bonds detracted from relative performance for the year. Allocations to Positive Social Purpose Lending Program loans, high-yield-rated corporate debt alternative investments and its core bond strategy positively contributed to relative performance.

Total Assets: **$764M**

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

Fund: +5.53% Benchmark[18]: +6.00%

Relative Performance (percentage points): ▼ 0.47

- USTPF-I posted strong returns during the year as inflation surged, significantly exceeding market expectations and positively impacting inflation-linked government bonds.
- The fund is passively managed and designed to closely match the performance of its benchmark, less fees and expenses.

Total Assets: **$105M**

Inflation Protection Fund – I Series (IPF-I)

Fund: +6.01% Benchmark[17]: +6.63%

Relative Performance (percentage points): ▼ 0.62

- IPF-I gained during the year as inflation significantly exceeded market expectations, leading to the strong performance of inflation-linked government bonds. The fund's return also reflects robust commodities performance, supported by surging oil prices.
- The fund modestly underperformed the benchmark. Its overweight exposure to U.S. inflation-linked securities, floating-rate loans and cash holdings negatively impacted relative performance. In contrast, the fund's allocations to commodities and global inflation-linked bonds contributed.

Total Assets: **$274M**

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

Fund: −0.18% Benchmark[19]: +0.05%

Relative Performance (percentage points): ▼ 0.23

- STIF-I holds cash, cash equivalents and short-term securities with the objective of preserving capital while earning current income higher than money market funds. The U.S. Federal Reserve's (Fed) policy to hold the Fed Funds rate near zero provided little opportunity for return during the year.
- The fund modestly underperformed the benchmark, primarily due to management fees and fund expenses.

Total Assets: **$20M**

* Detailed information about the 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 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 December 31, 2021

Fund	1-Year	3-Years	5-Years	10-Years	Inception[12]
Multiple Asset Fund – I Series (MAF-I)	8.08%	16.17%	–	–	16.17%
MAF-I Benchmark[13]	11.61%	15.46%	–	–	15.46%
U.S. Equity Fund – I Series (USEF-I)	19.02%	25.36%	–	–	25.36%
USEF-I Benchmark[14]	25.66%	25.79%	–	–	25.79%
U.S. Equity Index Fund – I Series (USEIF-I)	25.88%	25.81%	–	–	25.81%
USEIF-I Benchmark[14]	25.66%	25.79%	–	–	25.79%
International Equity Fund – I Series (IEF-I)	3.94%	16.61%	–	–	16.61%
IEF-I Benchmark[15]	8.53%	13.62%	–	–	13.62%
Fixed Income Fund – I Series (FIF-I)	-1.14%	5.70%	–	–	5.70%
FIF-I Benchmark[16]	-1.12%	5.80%	–	–	5.80%
Inflation Protection Fund – I Series (IPF-I)	6.01%	7.16%	–	–	7.16%
IPF-I Benchmark[17]	6.63%	7.83%	–	–	7.83%
U.S. Treasury Inflation Protection Fund – I Series (USTPF-I)	5.53%	8.33%	–	–	8.33%
USTPF-I Benchmark[18]	6.00%	8.74%	–	–	8.74%
Short Term Investment Fund – I Series (STIF-I)	-0.18%	0.85%	–	–	0.85%
STIF-I Benchmark[19]	0.05%	0.99%	–	–	0.99%

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**

* The performance shown is for the stated time period only. 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 performance is presented net-of-fees—that is, with the deduction of 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 – I Series* for more information about the I Series funds. This is not an offer to purchase securities.

Detailed information about the fund benchmarks can be found on pages 44-45 of this report.

Management's Report on Financial Statements

"We foster a strong ethical climate so that Wespath's affairs are conducted according to the highest standards of conduct."

(l to r) Andrew Hendren, general secretary/CEO, and Eileen Kane, chief financial and strategy officer

We have prepared the accompanying combined financial statements of Wespath Benefits and Investments (Wespath) for the years ended December 31, 2021 and 2020. 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 pages 16–17. 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 obtains an understanding of internal controls relevant to the audit 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).

Andrew Q. Hendren
General Secretary and Chief Executive Officer

Eileen M. Kane
Chief Financial and Strategy 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

Opinion

We have audited the combined financial statements of Wespath Benefits and Investments (the "Company"), which comprise the combined statements of assets and liabilities and net assets as of December 31, 2021 and 2020, 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 financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are avalaible to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2021 and the combining statement of operations and changes in net assets for the year ended December 31, 2021 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, Illinois
May 4, 2022

Combined Statements of Assets and Liabilities and Net Assets

Assets (in thousands)	**December 31, 2021**	**December 31, 2020**
Investments (Notes 2, 3 and 5)		
Equity securities	$ 12,100,953	$ 11,592,597
Fixed income securities and contracts (Note 6)	11,376,479	10,566,253
Limited partnership investments	1,621,120	1,363,756
Emerging market funds	1,562,372	1,602,526
Short-term securities	1,556,697	1,583,630
Securities loaned under securities lending agreements (Note 4)	1,610,181	1,660,933
Total investments	29,827,802	28,369,695
Invested collateral from securities lending agreements (Note 4)	991,316	1,083,502
Other assets (Note 2)	265,658	394,486
Cash	58,724	41,650
Total assets	**$ 31,143,500**	**$ 29,889,333**

Liabilities and net assets (in thousands)	**December 31, 2021**	**December 31, 2020**
Plan accumulations, plan sponsor deposits and endowments (Note 2)		
Defined contribution plans	$ 10,663,503	$ 10,379,745
Defined benefit plans	5,472,823	5,203,719
Annuities	5,384,872	5,163,618
Disability, death and health benefit program deposits (Note 8)	2,557,239	2,382,579
Plan sponsor and other deposits	5,227,721	4,885,956
Endowments	78,688	73,671
Total plan accumulations, plan sponsor deposits and endowments	29,384,846	28,089,288
Payable under securities lending agreements (Note 4)	991,316	1,083,502
Other liabilities (Note 2)	649,581	627,693
Total liabilities	31,025,743	29,800,483
Net assets (Note 2)	117,757	88,850
Total liabilities and net assets	**$ 31,143,500**	**$ 29,889,333**

See accompanying "Notes to the Combined Financial Statements."

Combined Statements of Operations and Changes in Net Assets

Years Ended December 31 (in thousands)	2021	2020
Interest, dividend, partnership and trust investment income	$ 660,120	$ 583,778
Securities lending and other income	6,676	7,521
Investment income	666,796	591,299
Net realized gain on investments	1,823,938	1,337,333
Net unrealized (loss) gain on investments	(219,526)	2,122,193
Net gain on investments and investment income	2,271,208	4,050,825
Investment management and custodial fees	(92,450)	(82,160)
Net investment earnings	2,178,758	3,968,665
Operating expenses (Note 9)	(84,544)	(68,882)
Net earnings before allocation	2,094,214	3,899,783
Allocated net earnings to unitized funds (Note 7)	(2,089,766)	(3,894,959)
Allocated to net assets	24,459	12,353
Net increase in net assets	28,907	17,177
Net assets (Note 2):		
Beginning of year	88,850	71,673
End of year	$ 117,757	$ 88,850

See accompanying "Notes to the Combined Financial Statements."

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

Year Ended December 31, 2021 (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	$ 10,379,745	$ 766,742	$ 236,279	$ (450,619)	$ (268,644)	$ 10,663,503
Defined benefit plans	5,203,719	390,670	125,032	(295,112)	48,514	5,472,823
Annuities	5,163,618	308,179	25,000	(383,844)	271,919	5,384,872
Disability, death and health benefit program deposits	2,382,579	193,576	203,722	(233,847)	11,209	2,557,239
Plan sponsor and other deposits	4,885,956	424,212	498,231	(516,955)	(63,723)	5,227,721
Endowments	73,671	6,387	44	(431)	(983)	78,688
Total plan accumulations, plan sponsor deposits and endowments	$ 28,089,288	$ 2,089,766	$ 1,088,308	$ (1,880,808)	$ (1,708)	$ 29,384,846

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

See accompanying “Notes to the Combined Financial Statements.”

Combined Statements of Cash Flows

Years Ended December 31 (in thousands)	**2021**	**2020**
Cash flows from operating activities		
Net increase in net assets	$ 28,907	$ 17,177
Adjustments to reconcile net increase in net assets to net cash used in operating activities:		
Depreciation	1,523	1,559
Net unrealized loss (gain) on investments	219,526	(2,122,193)
Net realized gain on investments	(1,823,938)	(1,337,333)
Undistributed loss (earnings)—limited partnership investments	21,953	(3,161)
Changes in assets and liabilities:		
Decrease (increase) in invested collateral from securities lending agreements	92,186	(251,159)
Decrease in other assets	127,692	211,412
Increase (decrease) in other liabilities	21,888	(646,693)
(Decrease) increase in payable under securities lending agreements	(92,186)	251,159
Allocated to net assets	(24,459)	(12,353)
Net earnings allocated to unitized fund accounts	2,089,766	3,894,959
Contributions and deposits	1,088,308	1,152,065
Distributions and withdrawals	(1,880,808)	(1,861,023)
Net transfers and other	22,751	65,785
Net cash used in operating activities	(106,891)	(639,799)
Cash flows from investing activities		
Purchases of investments	(54,809,535)	(51,495,836)
Sales of investments	54,933,887	52,154,515
Capital expenditures	(387)	(383)
Net cash provided by investing activities	123,965	658,296
Net increase in cash	17,074	18,497
Cash at beginning of year	41,650	23,153
Cash at end of year	$ 58,724	$ 41,650

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, are invested. The Benefit Board and WII are separate from but controlled by the Illinois Corporation through ownership or common directorship.

Pension and retirement plans administered by Wespath

As of December 31, 2021, 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 2021, Wespath entered an agreement with The United Methodist Publishing House (UMPH) to assume sponsorship of an IRC section 401(a) defined benefit plan, called The United Methodist Publishing House Pension Plan, and related obligations in consideration for all assets associated with the plan. The transfer was completed on October 4, 2021.

In March 2020, Wespath entered into 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).

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, 2021, 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 (DPRF), Domestic Private Equity Fund (DPEF), International Private Equity Fund (IPEF), 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, 2021, 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 investment accounts managed, and plans administered, by Wespath. 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 Policies 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 (loss) 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.

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.

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, and microfinance loans primarily to low-income entrepreneurs in the developing world. The program invests primarily in privately placed mortgage-backed securities and mortgage loans that meet certain criteria, such as specified minimum loan-to-value and debt coverage ratios. At December 31, 2021 and 2020, Wespath had outstanding PSP investments of $654 million and $699 million, respectively. Mortgage contracts and other loans are stated on the financial statements at fair value based on the net present value of the estimated future cash flows discounted at market equivalent rates.

At December 31, 2021 and 2020, Wespath had outstanding commitments to provide $31 million and $40 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 "Short-term securities."

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.

Limited partnership investments

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.

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, 2021

(in thousands)	Fair Value	Unfunded Commitments	Longest Redemption Notice Period
Open-end funds			
Real estate	$ 114,918	$ 5,858	90 days
Emerging market	1,562,372	–	120 days
Closed-end funds			
Real estate	504,655	438,180	
Real assets	121,221	5,679	
Private equity	835,624	421,728	
Credit	29,572	79,699	
Joint Venture	15,130	27,901	
Total	**$ 3,183,492**	**$ 979,045**	

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**	

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 underlying 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, 2021 and 2020 was $15.1 million and $16.0 million, respectively.

Short-term securities

Short-term securities are stated at fair value or at cost, which approximates fair value. Short-term securities include securities that mature within one year or less at date of purchase, and cash collateral related to margin requirements on futures contracts.

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, 2021:

(in thousands)	Market Value of Securities on Loan	Collateral Held
Fixed income securities	$ 934,537	$ 958,264
Domestic equity securities	529,631	544,009
International equity securities	146,013	152,730
Total	**$ 1,610,181**	**$ 1,655,003**

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**

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 $1.5 million for 2021 and $1.6 million for 2020 is included in "Operating expenses" in the Statements of Operations. Receivables due from the purchasers of investments sold of $84 million and $206 million at December 31, 2021 and 2020, 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)	2021	2020
Land	$ 15,685	$ 15,685
Land improvements	3,779	3,779
Building	31,493	31,428
Computer and office equipment	21,285	21,082
Capital work in progress	119	–
	72,361	**71,974**
Less accumulated depreciation		
Land improvements	2,820	2,565
Building	8,514	7,716
Computer and office equipment	20,476	20,115
Property and equipment – net	**$ 40,551**	**$ 41,578**

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. Pre-82 plan sponsors are required to fund actuarial and market losses using a five year amortization. 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 $125 million and $119 million to the plans in 2021 and 2020, respectively.

Annuities

Annuities are primarily lifetime monthly benefit payments for retired individuals that have been established under certain plans, including annuities required by the applicable plans or optional annuity forms of payment elected by a participant. 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.

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 $339 million and $476 million at December 31, 2021 and 2020, respectively.

Net assets

Combined Net Assets at December 31, 2021 and 2020 represent Wespath's designated operating reserves—to be utilized in the event of a significant, prolonged market downturn—of $88.3 million and $58.2 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 to its designated operating reserves $24.5 million and $12.4 million, of which $24.1 million and $7.5 million was funded through operating expenses, in 2021 and 2020, respectively (Note 9).

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 $347 million for 2021 and $195 million for 2020. No significant transfers of Level 3 assets occurred in 2021 or 2020.

The following table summarizes financial assets at fair value, by levels, as of December 31, 2021:

Asset Class (in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Investments**
Investments at fair value (non NAV)				
Domestic common stock[A]	$ 8,053,238	$ –	$ –	$ 8,053,238
International common stock[B]	4,671,258	–	–	4,671,258
Preferred stock[C]	39,874	287	–	40,161
Domestic government fixed income[D]	2,866,738	–	–	2,866,738
International government fixed income[E]	–	1,735,267	–	1,735,267
Domestic government and other agencies[F]	–	945,225	–	945,225
Municipal fixed income[G]	–	55,972	–	55,972
Corporate fixed income[H]	–	4,236,683	338,220	4,574,903
Asset-backed securities[I]	–	961,196	–	961,196
Collateralized loan obligations[J]	–	574,114	–	574,114
Risk management instruments[K]	18,484	235,419	7,095	260,998
Short-term securities[L]	209,202	45,169	–	254,371
Total investments at fair value (non NAV)	**$ 15,858,794**	**$ 8,789,332**	**$ 345,315**	**$ 24,993,441**
Investments at fair value (NAV)				
Emerging market funds[M]				1,562,372
Private equity/real estate partnerships[N]				1,499,899
Real asset partnerships[O]				121,221
Total investments at fair value				**$ 28,176,933**
Short-term securities at cost[P]				1,291,694
Wrap contracts at contract value[Q]				359,175
Total investments				**$ 29,827,802**

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 Short-term securities 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 Short-term securities 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).

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]	2,369,578	–	–	2,369,578
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
Short-term securities[L]	116,590	350,900	–	467,490
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]				1,602,525
Private equity/real estate partnerships[N]				1,248,352
Real asset partnerships[O]				115,405
Total investments at fair value				**$ 26,904,814**
Short-term securities at cost[P]				1,096,768
Wrap contracts at contract value[Q]				368,113
Total investments				**$ 28,369,695**

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 $1,610 million and $1,661 million at December 31, 2021 and 2020, 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 $991 million and $1,084 million at December 31, 2021 and 2020, respectively. These amounts are offset by a liability recorded as "Payable under securities lending agreements." At December 31, 2021 and 2020, Wespath had received non-cash collateral of $664 million and $618 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, 2021:

Loan Type (in thousands)	**Overnight and Continuous**	**Up to 30 Days**	**30-90 Days**	**Greater than 90 Days**	**Total**
Fixed income securities	$ 454,009	$ 30,317	$ –	$ –	$ 484,326
Domestic equity securities	405,417	–	–	–	405,417
International equity securities	99,571	1,980	22	–	101,573
Total	**$ 958,997**	**$ 32,297**	**$ 22**	**$ –**	**$ 991,316**

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**

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 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)	2021	2020	Location on Balance Sheet
Forward Commitments			
Federal National Mortgage Association*	$ 63,700	$ 103,569	Fixed income securities
Federal National Mortgage Association*	(9,265)	(19,835)	Other liabilities
Contracts to sell foreign currency**	1,044,579	975,619	Other assets/Other liabilities
Contracts to buy foreign currency**	(309,975)	(392,762)	Other assets/Other liabilities
Contracts to buy equity futures			
S&P 500 Index**	(177,968)	(154,263)	Equity securities
Russell 2000 Index**	(18,167)	(16,588)	Equity securities
Other index futures**	(178,005)	(157,409)	Equity securities
Contracts to buy other futures			
Fixed income securities**	(123,233)	(327,582)	Equity securities
Cash and equivalents**	(435,544)	(21,206)	Equity securities
Commodities**	(262,107)	(222,132)	Equity securities
Other			
Credit default swap contracts*	851	395	Fixed income securities
Interest rate swap contracts*	4,569	3,300	Fixed income securities
Inflation rate swap contracts*	(425)	1,810	Fixed income securities
Zero coupon swap contracts*	(482)	(14)	Fixed income securities
Purchased options*	4,101	1,236	Fixed income securities
Written options*	(7,236)	(2,762)	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	2021 Net Gains (Losses) on Investments		2020 Net Gains (Losses) on Investments	
(in thousands)	Realized	Unrealized	Realized	Unrealized
Forward commitments	$ (949)	$ (456)	$ 12,126	$ (275)
Foreign exchange contracts	37,994	10,664	(32,338)	(5,093)
Futures contracts	113,615	(8,242)	103,684	7,078
Credit default swap contracts	45	(945)	(6,337)	(839)
Interest rate swap contracts	(7,641)	1,726	(16,337)	(3,368)
Inflation rate swap contracts	5,399	(2,236)	663	1,781
Zero coupon swap contracts	1,017	(412)	52	20
Options contracts	4,270	(940)	2,420	343
Total	**$ 153,750**	**$ (841)**	**$ 63,933**	**$ (353)**

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 $359 million and $368 million at December 31, 2021 and 2020, 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 limit 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. 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)	2021	2020
Premiums		
Medical	$ 156,116	$ 156,534
Other premiums	13,257	11,695
Total premiums	169,373	168,229
Claims		
Medical (net of rebates)	(149,170)	(129,182)
Other expenses	(15,307)	(12,939)
Total claims	(164,477)	(142,121)
Administration		
Wespath	(2,832)	(2,597)
Third-party	(9,635)	(9,826)
Total administration	(12,467)	(12,423)
Net experience	(7,571)	13,685
Investment earnings (losses)	8,426	13,777
Premium refund dividend*	–	(12,487)
Increase in accumulated reserves	855	14,975
Accumulated reserves		
Beginning of year	173,319	158,344
End of year	$ 174,174	$ 173,319

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 2021.

Note 9: Operating Expenses

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

(in thousands)	2021	2020
Salaries	$ 33,118	$ 31,959
Current and retired employee benefits	10,360	9,777
Redirected employee benefit expenses	(1,547)	(1,344)
Professional services	10,450	9,205
Occupancy and other office expenses	3,503	3,654
Computers and other equipment	1,903	1,700
Meetings and travel	444	626
Reserve funding	24,100	7,503
Other expenses	2,213	5,802
Total operating expenses	**$ 84,544**	**$ 68,882**

All operating expenses are considered to be programmatic and are allocated to the unitized fund accounts or benefit plans. In 2021 and 2020, Wespath paid $1.5 million and $1.3 million, respectively, in eligible current and retired employee benefits through its General Agency Benefit Trust (GABT) account, 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 2018, 2019, 2020 and 2021 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, 2021 and 2020.

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 $22.1 million and $22.8 million as of December 31, 2021 and 2020, 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. On February 18, 2021, Wespath repaid the HealthFlex loan. At the time of repayment the interest rate on the loan was 1.95% and the principal balance was $9.6 million.

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 the remaining loan are as follows:

Years ending December 31 (in thousands)	
2022	$ 777
2023	809
2024	842
2025	876
2026	912
Thereafter	17,867
	$ 22,083

Note 12: Subsequent Events

In preparing these financial statements, Wespath has evaluated events and transactions for potential recognition or disclosure through May 4, 2022, the date the financial statements were available to be issued. No events or transactions were identified that would require recognition or disclosure.

Supplemental Schedules

Combining Statement of Assets and Liabilities and Net Assets

Year Ended December 31, 2021 **Assets** (in thousands)	WII and I Series Funds	The Benefit Board and P Series Funds	Other	Eliminations	Combined
Investments					
Equity securities	$ 1,568,070	$ 10,532,883	$ –	$ –	$ 12,100,953
Fixed income securities and contracts	894,406	10,482,073	–	–	11,376,479
Limited partnership investments	89,999	1,531,121	–	–	1,621,120
Emerging market funds	164,293	1,398,079	–	–	1,562,372
Short-term securities	175,984	1,380,713	–	–	1,556,697
Securities loaned under securities lending agreements	157,443	1,452,738	–	–	1,610,181
Total investments	3,050,195	26,777,607	–	–	29,827,802
Invested collateral from securities lending agreements	106,712	884,604	–	–	991,316
Other assets	14,041	219,151	517,933	(485,467)	265,658
Cash	7,608	50,594	522	–	58,724
Total assets	**$ 3,178,556**	**$ 27,931,956**	**$ 518,455**	**$ (485,467)**	**$ 31,143,500**

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	$ –	$ 10,509,675	$ 153,828	$ –	$ 10,663,503
Defined benefit plans	–	5,346,927	125,896	–	5,472,823
Annuities	–	5,354,814	30,058	–	5,384,872
Disability, death and health benefit program deposits	–	2,512,637	44,602	–	2,557,239
Plan sponsor and other deposits	3,030,454	2,111,684	85,583	–	5,227,721
Endowments	–	45,025	33,663	–	78,688
Total plan accumulations, plan sponsor deposits and endowments	3,030,454	25,880,762	473,630	–	29,384,846
Payable under securities lending agreements	106,712	884,604	–	–	991,316
Other liabilities	33,240	1,071,463	30,345	(485,467)	649,581
Total liabilities	3,170,406	27,836,829	503,975	(485,467)	31,025,743
Net assets	8,150	95,127	14,480	–	117,757
Total liabilities and net assets	**$ 3,178,556**	**$ 27,931,956**	**$ 518,455**	**$ (485,467)**	**$31,143,500**

Combining Statement of Operations and Changes in Net Assets

December 31, 2021 (in thousands)	WII and I Series Funds	The Benefit Board and P Series Funds	Other	Eliminations	Combined
Interest, dividend, partnership and trust investment income	$ 59,189	$ 600,931	$ –	$ –	$ 660,120
Securities lending and other income	450	6,164	84,707	(84,645)	6,676
Investment income	59,639	607,095	84,707	(84,645)	666,796
Net realized gain on investments	174,157	1,649,781	–	–	1,823,938
Net unrealized gain (loss) on investments	21,741	(241,267)	–	–	(219,526)
Net gain on investments and investment income	255,537	2,015,609	84,707	(84,645)	2,271,208
Investment management and custodial fees	(8,682)	(83,605)	(163)	–	(92,450)
Net investment earnings	246,855	1,932,004	84,544	(84,645)	2,178,758
Operating expenses	(8,795)	(75,850)	(84,544)	84,645	(84,544)
Net earnings before allocation	238,060	1,856,154	–	–	2,094,214
Allocated net (earnings) loss to unitized funds	(237,693)	(1,852,073)	–	–	(2,089,766)
Allocated to (from) net assets	2,188	22,271	–	–	24,459
Net increase in net assets	2,555	26,352	–	–	28,907
Net assets:					
Beginning of year	5,595	68,775	14,480	–	88,850
End of year	$ 8,150	$ 95,127	$ 14,480	$ –	$ 117,757

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 just under $30 billion in assets under management, is the largest participating organization in the church survey.

Total Cash Compensation 2021 (in thousands)	
Chief Executive Officer	
For Profit*	$ 1,813.0
Composite**	1,605.0
Wespath	1,346.5
Chief Operating Officer	
For Profit*	$ 870.0
Composite**	777.0
Wespath	626.4
Chief Investment Officer	
For Profit*	$ 798.0
Composite**	732.0
Wespath	585.9
Chief Financial and Strategy Officer	
For Profit*	$ 680.0
Composite**	607.0
Wespath	507.4
Chief Legal and Governance Officer	
For Profit*	$ 580.0
Composite**	538.0
Wespath***	658.7

* 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%).

*** Chief Executive Officer/General Secretary elect effective August 2021.

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 fees and expenses and approves any decisions to hire the firm for other purposes. The Audit Committee also oversees the appointment, compensation, scope and final results of the SOC-1 engagement.

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.

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

Asset 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*

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

Asset Managers, Positive Social Purpose Lending Program Intermediaries, Banks, Auditors and Consultants (continued)

Asset Managers (continued)

Insight Investment
San Francisco, California
SVF-P – *stable value fixed income*

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*

Manulife Investment Management Timberland and Agriculture
Boston, Massachusetts
IPF-P – *timber*
SOF-P – *timber*

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

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

National Equity Fund
Chicago, Illinois
SOF-P – *affordable housing debt*

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; Stamford, Connecticut
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 Portfolio Associates
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*

Asset Managers, Positive Social Purpose Lending Program Intermediaries, Banks, Auditors and Consultants (continued)

Asset Managers (continued)

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

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

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

Solid Benefit Guidance
Montvale, New Jersey

Willis Towers Watson
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) Net, 25% Bloomberg 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 World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg 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 Net, 25% Bloomberg 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 Net, 25% Bloomberg U.S. Universal Index ex-MBS and 10% Bloomberg 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 Net, 25% Bloomberg U.S. Universal Index MBS and 10% Bloomberg 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% Bloomberg 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 Net, 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 Net. 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 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. From January 1, 2003 through December 31, 2005, the benchmark was the Bloomberg U.S. Aggregate Bond Index. Prior to January 1, 2003, the benchmark had been the Bloomberg Intermediate Aggregate Bond Index.

5 The Inflation Protection Fund – P Series (IPF-P) performance benchmark is 80% Bloomberg World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index, effective January 1, 2016. The Bloomberg World Government Inflation Linked Bond Index (Hedged) measures the investment performance of a portfolio of developed market investment grade, government inflation-linked debt. The Bloomberg 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 Bloomberg 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: Bloomberg U.S. Government Inflation-Linked Bond Index (50%) and Bloomberg Global Inflation-Linked Bond Index (50%). Prior to April 1, 2005, the benchmark was the Bloomberg 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 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 U.S. Universal ex-MBS Index. The index consists of the following Bloomberg 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 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 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 – P 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.

13 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) Net, 25% Bloomberg 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 World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg 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.

14 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.

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

16 The Fixed Income Fund – I Series (FIF-I) performance benchmark is the Bloomberg 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.

17 The Inflation Protection Fund – I Series (IPF-I) performance benchmark is a blended benchmark comprised of 80% Bloomberg World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. The Bloomberg World Government Inflation Linked Bond Index (Hedged) measures the investment performance of a portfolio of developed market investment grade government inflation-linked debt. The Bloomberg 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.

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

19 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 sections (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 sections do not sum to the total investments in the financial statements.

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