January 2022 Investment Report

Highlights

- The S&P 500 declined 5.2% in January, marking its worst monthly performance since March 2020.
- Federal Reserve (Fed) Chairman Jerome Powell stated that the central bank will likely begin raising interest rates in March.
- The January jobs report beat most economists' expectations as the U.S. economy added 467,000 jobs.
- Russia positioned military forces along its border with Ukraine, increasing geopolitical uncertainty.
- Bonds declined during the month, while commodities increased 8.8%, led by higher oil prices.
- MAF, USEF and IEF underperformed their respective benchmarks, while FIF and IPF outperformed their respective benchmarks in January.

Monthly Overview

Market Performance

The S&P 500 Index of U.S. stocks declined 5.2%, resulting in its worst monthly performance since March 2020. International developed market stocks declined 4.8%, and emerging market stocks declined 2.2%, as measured by the MSCI EAFE Index and MSCI Emerging Market Index, respectively. "Hawkish" statements from the Fed, rising tensions between Russia and Ukraine, and the ongoing surge in COVID-19 cases contributed to negative investor sentiment.

In the U.S., growth stocks underperformed value stocks, with technology stocks declining sharply. The tech-heavy Nasdaq Index declined 9.0% during the month. On a positive note, U.S. Real Gross Domestic Product (GDP) increased by an impressive 6.9% annualized rate during the fourth quarter of 2021. However, investors were quick to note that rising inventories significantly contributed to the growth figure. For the year, U.S. GDP rose 5.7%. The Bureau of Labor Statistics (BLS) released a positive January jobs report, which indicated that the U.S. economy added 467,000 jobs during the month. This figure beat most economists' expectations by a wide margin. Despite these positive jobs numbers, the unemployment rate climbed to 4.0% from 3.9% as the labor force participation rate increased. Nevertheless, in what was an even bigger positive surprise, the BLS revised the November and December jobs reports higher, indicating a combined 709,000 additional jobs in those months.

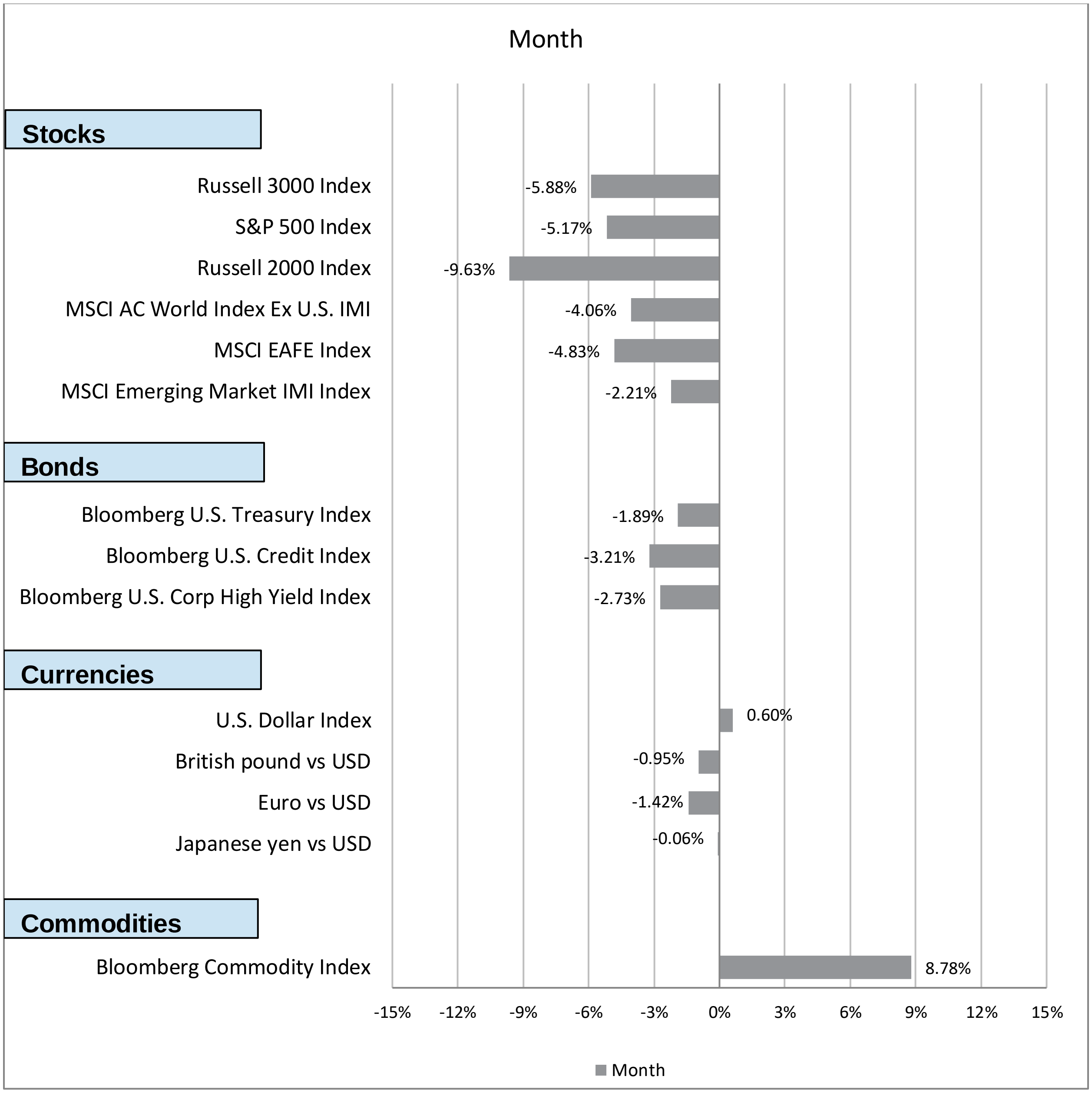
The U.S. fixed income market also declined in January as bond yields increased. The 10-year U.S. Treasury yield increased 0.27% to 1.78%, and the Bloomberg U.S. Aggregate Index declined 2.2% for the month. Higher yielding corporate bonds, as measured by Bloomberg U.S. High Yield Index, declined 2.7% as investors required additional yield for accepting the credit risk of below-investment-grade securities. Meanwhile, the U.S. dollar strengthened during the month, while the Bloomberg Commodity Index rose 8.8%. The move in commodities was led by higher oil prices as the cost of WTI Crude oil increased 17.2% during the month.

Fed's Hawkish Stance

Fed Chairman Jerome Powell stated that the central bank will likely begin raising interest rates in March. The Federal Open Market Committee approved the final round of asset purchases and began planning to eventually reduce the Fed's bond holdings, which currently total nearly $9 trillion. Chairman Powell indicated the Fed could raise interest rates at a faster pace than previously expected, citing high inflation and tight labor markets. The Fed's preferred measure of inflation, the Core Personal Consumption Expenditures Price Index, increased 4.9% in December from a year ago.

Sources: FactSet, Wall Street Journal, Financial Times

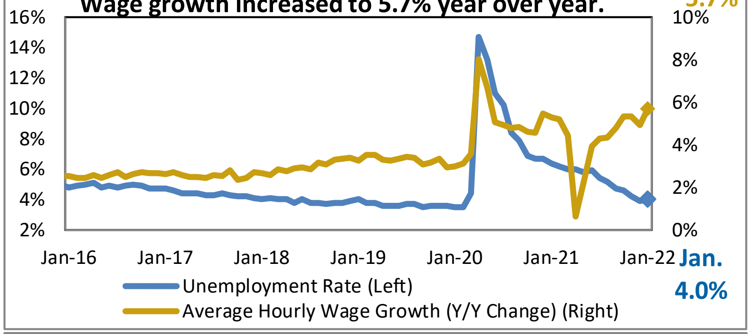
Market Performance



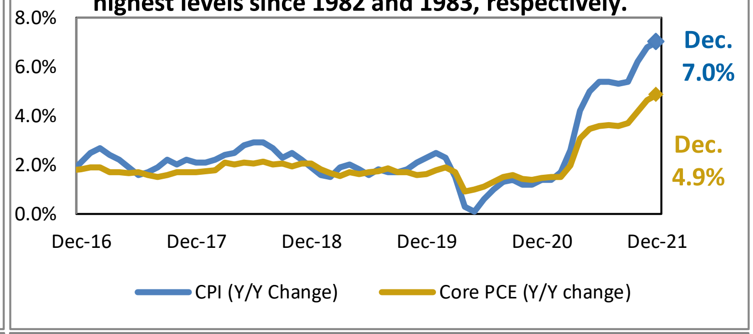
Source: FactSet, as of January 31, 2022

Key Monthly Economic Statistics

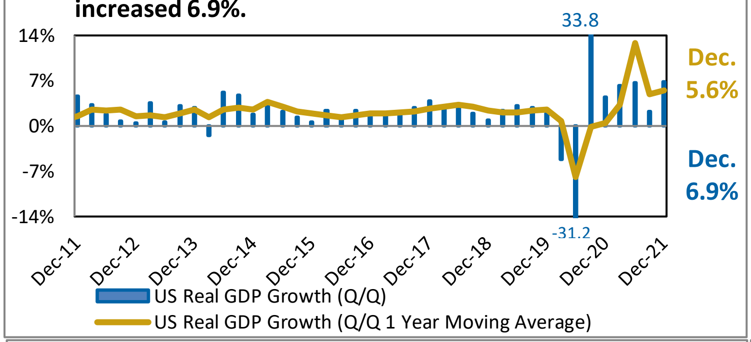
The Unemployment Rate ticked up slightly, and Wage growth increased to 5.7% year over year.



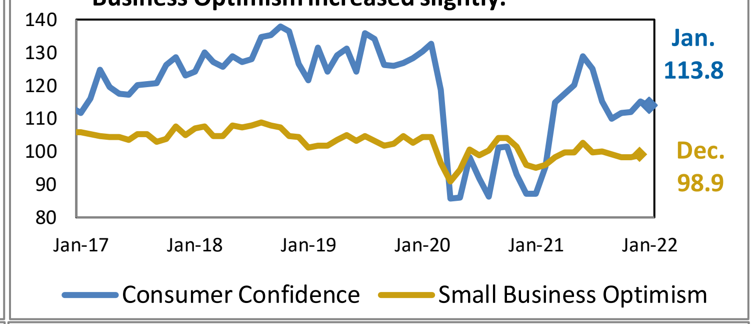
CPI Inflation and Core PCE inflation reached their highest levels since 1982 and 1983, respectively.



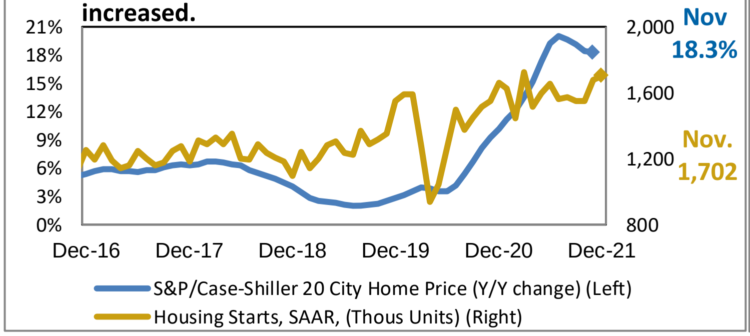
Fourth quarter annualized U.S. Real GDP Growth increased 6.9%.



Consumer Confidence decreased, and Small Business Optimism increased slightly.



Home Prices remained elevated, and Housing Starts increased.



The Fed Funds Rate remained near zero. The U.S Dollar Index rose marginally.

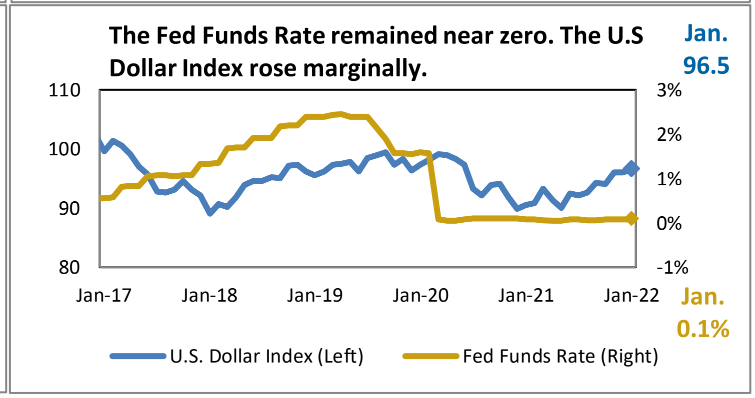
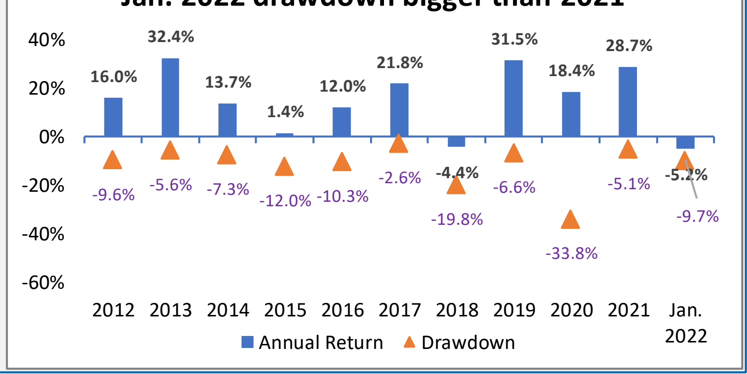


Chart of the Month

- The blue columns display the S&P 500 Index total return for the periods indicated.
- The yellow triangles show the maximum peak-to-trough drawdown for the S&P 500 within each period.
- In January, the S&P 500 Index maximum drawdown of 9.7% exceeded the largest drawdown in all of 2021.
- The chart also demonstrates that significant equity drawdowns regularly occur, even within periods of strong performance.

Jan. 2022 drawdown bigger than 2021



Source: FactSet; U.S Bureau of Labor Statistics; The Conference Board; Federal Reserve Bank of St. Louis; Bureau of Economic Analysis; National Association of Realtors

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

Equity Funds

U.S. Equity Fund

Fund	January
U.S. Equity Fund	-6.04%
Russell 3000 Index	-5.88%
Difference (percentage points)	-0.16

- During the month, the fund modestly underperformed its benchmark mainly due to its strategic overweight allocation to small- and mid-cap growth companies, along with not holding a number of well-performing excluded stocks in accordance with Wespath's Exclusions Policy (described here). Investments in private equity and private real estate contributed positively to relative performance, albeit to a lesser extent.

International Equity Fund

Fund	January
International Equity Fund	-4.79%
MSCI ACWI ex US Investable Market Index (Net)	-4.06%
Difference (percentage points)	-0.73

- During the month, the fund underperformed its benchmark as a result of allocations to poor-performing, growth-oriented strategies. Investments in both private equity and private real estate contributed modestly positively to relative performance. The fund's fair market valuation policy (described here) also positively contributed to relative performance.

U.S. Equity Index Fund

Fund	January
U.S. Equity Index Fund	-5.90%
Russell 3000 Index	-5.88%
Difference (percentage points)	-0.02

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses.

Fixed Income Funds

Fixed Income Fund

Fund	January
Fixed Income Fund	-1.97%
Bloomberg U.S. Universal (ex MBS) Index	-2.40%
Difference (percentage points)	+0.43

- The fund's allocations to U.S. agency commercial mortgage-backed securities, the Positive Social Purpose Lending Program, emerging market debt and global bonds positively contributed to benchmark-relative performance. The fund is moderately less sensitive to changes in interest rates than its benchmark, which positively contributed to performance. Manager security selection decisions also added to benchmark-relative returns for the period.

Extended Term Fixed Income Fund

Fund	January
Extended Term Fixed Income Fund	-3.40%
Bloomberg U.S. Government/Credit Long Term Index	-4.90%
Difference (percentage points)	+1.50

- The fund's policy of maintaining a lower sensitivity to interest rate movements contributed positively to benchmark-relative returns during the month. Managers' sector and security selection added modestly to relative performance.

Inflation Protection Fund

Fund	January
Inflation Protection Fund	-0.29%
IPF Benchmark[ii]	-0.58%
Difference (percentage points)	+0.29

- The fund's underweight exposure to U.K. inflation-linked securities and overweight allocation to senior loans and commodities positively contributed to benchmark-relative performance during the month. The overweight allocation to U.S. inflation-linked securities and manager selection of emerging market inflation-linked securities detracted from the fund's benchmark-relative performance.

Balanced Fund

Multiple Asset Fund

Fund	January
Multiple Asset Fund	-4.07%
MAF Benchmark[iii]	-3.93%
Difference (percentage points)	-0.14

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

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	January
Social Values Choice Bond Fund	-2.11%
Bloomberg U.S. Universal (ex MBS) Index	-2.40%
Difference (percentage points)	+0.29

- The fund's duration positioning, manager's security selection in corporate bonds and loans, and securitized assets added to benchmark-relative performance. Exposure to investment-grade rated corporate bonds detracted.

Social Values Choice Equity Fund

Fund	January
Social Values Choice Equity Fund	-5.96%
SVCEF Benchmark[iv]	-6.18%
Difference (percentage points)	+0.22

- The Social Values Choice Equity Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. The fund's fair market valuation policy (described here) positively impacted benchmark-relative performance during the month.

U.S. Treasury Inflation Protection Fund

Fund	January
U.S. Treasury Inflation Protection Fund	-2.31%
Bloomberg U.S. Inflation Linked Bond Index	-2.22%
Difference (percentage points)	-0.09

- The U.S. Treasury Inflation Protection Fund is a passively managed fund designed to closely match the performance of the fund benchmark, less fees and expenses.

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[i] Historical returns are not indicative of future performance. Fund returns are net of fees. Please refer to the ***Investment Funds Description – P Series*** for more information about the funds. This is not an offer to purchase securities.

[ii] The IPF Benchmark is 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.

[iii] The MAF Benchmark is comprised of 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) excluding USA Investable Market Index (IMI), 25% Bloomberg U.S. Universal Index ex-Mortgage Backed Securities and 10% IPF Benchmark.

[iv] The SVCEF Benchmark is the MSCI World Environmental, Social and Governance (ESG) ex Fossil Fuels Index.