

November 2020 Investment Report

Highlights

- Reports of vaccine breakthroughs supported market sentiment despite surging COVID-19 infection rates. The S&P 500 increased 10.9%, its biggest monthly advance since April. The Russell 2000 index of small-cap stocks increased 18.4%, marking its largest monthly gain since its inception in 1984.
- Democratic presidential candidate Joe Biden and vice-presidential running mate Kamala Harris won the U.S. presidential election. Markets increased despite post-election controversy, and President-elect Biden began preparing for a transition in January.
- MAF, USEF, FIF and IPF outperformed their respective benchmarks in November, while IEF underperformed its benchmark for the month.

Monthly Overview

Strong market response to COVID-19 vaccine optimism

Despite a global surge in COVID-19 cases and heightened restrictions on interpersonal contact and mobility, equity market sentiment focused on positive vaccine news. The Russell 2000 small-cap index's record-breaking performance reflected a belief that small- and medium-sized businesses are likely to recover quickly upon widespread vaccine distribution. Cyclical stocks, which favor a more broad-based economic recovery, also outperformed.

On November 9, Pfizer and BioNTech issued a joint statement announcing a successful vaccine outcome from a 40,000-person study. The two companies submitted their candidate vaccine for FDA approval. Later in the month, Moderna also released positive results, indicating 94.5% efficacy for its therapeutic vaccine candidate. Near month end, the Center for Disease Control announced it would consider shortening the recommended quarantine period after COVID-19 exposure from two weeks to seven to 10 days now that diagnostic testing is more widespread.

Disappointing jobs report

The Labor Department reported 245,000 new non-farm payroll jobs created in November, well below the Dow Jones estimate of 440,000. While the report was disappointing, markets put a positive spin on the possibility of more government stimulus measures.

Presidential election

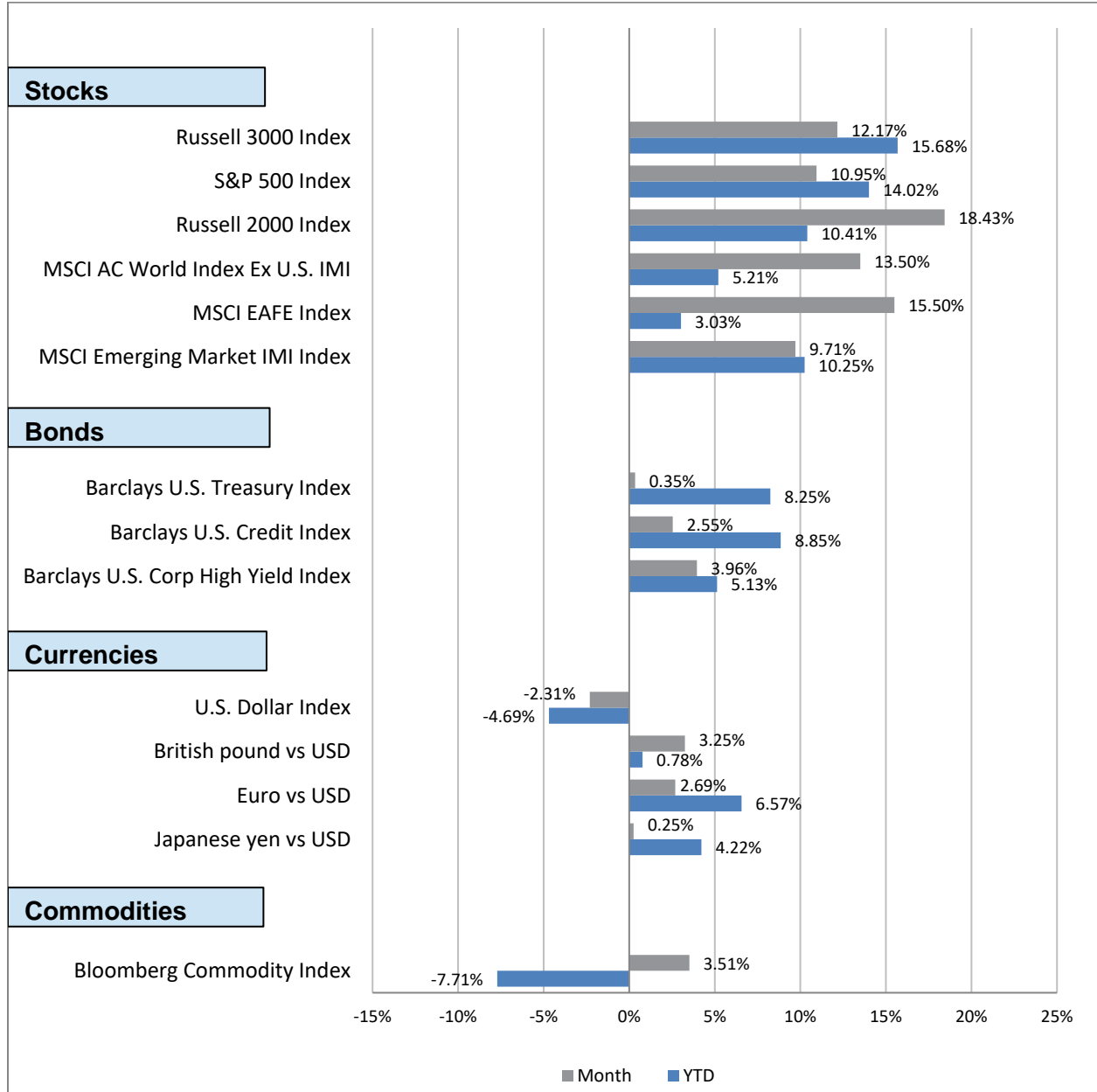
With turnout at 66.5% and total votes cast reaching all-time highs, November 4 represented a historic election day in the U.S. President-elect Joe Biden received more votes than any presidential candidate in history. Despite the incumbent administration contesting the outcome, Biden started to focus on transition planning, making notable Cabinet appointments in Janet Yellen, former Federal Reserve chair, as Treasury Secretary and Antony Blinken, a veteran of two previous administrations, as Secretary of State.

Tesla added to S&P 500

S&P Dow Jones Indices announced it will add Tesla to the S&P 500 equity index on December 21. Tesla stock increased on the news, closing the month up 46.3%. Tesla's market cap is now larger than 12 other automotive companies combined, including GM, Ford, Chrysler and Honda. Tesla is also expected to be a beneficiary of the incoming Biden administration's climate change agenda, which should favor electric vehicles.

Sources: Bloomberg, FactSet, Wall Street Journal, Johns Hopkins University, IHS Markit, Reuters, National Association of Realtors, CNBC

Market Performance



Source: FactSet, as of November 30, 2020

Key Monthly Economic Statistics

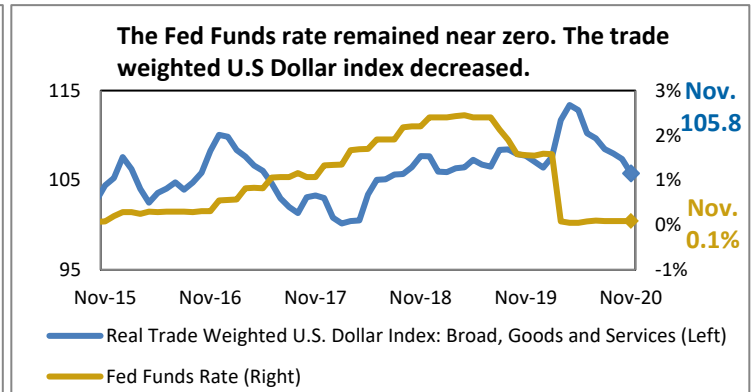
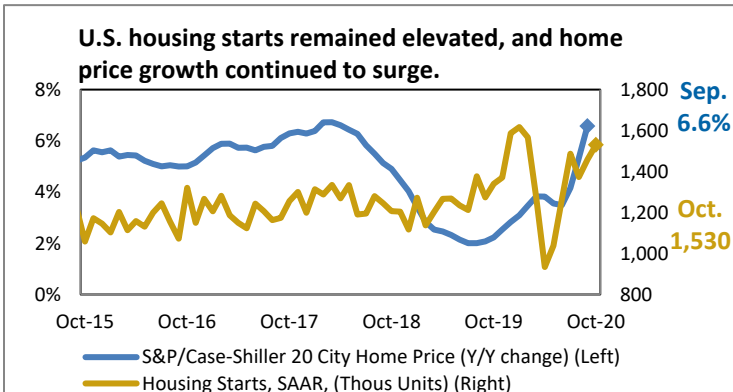
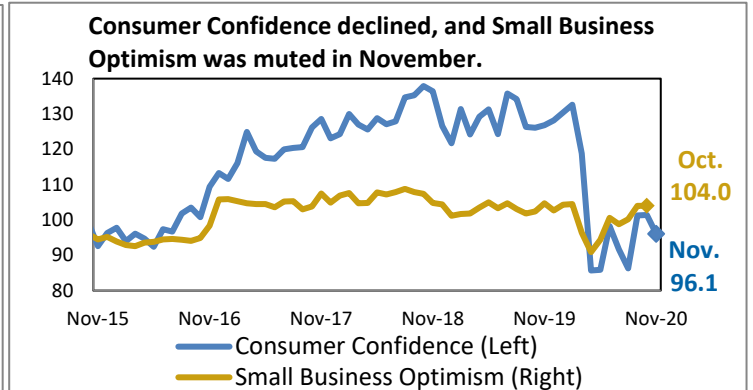
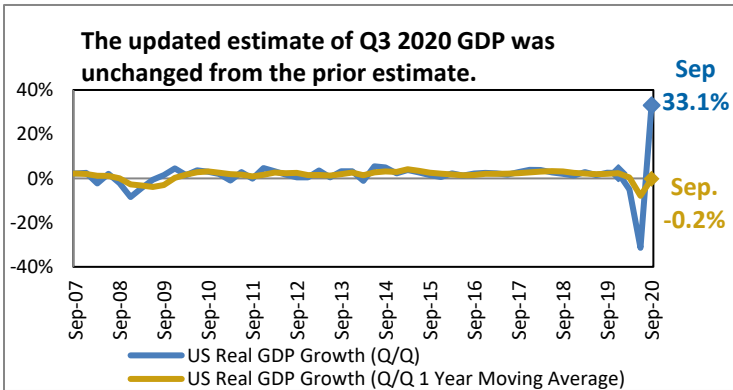
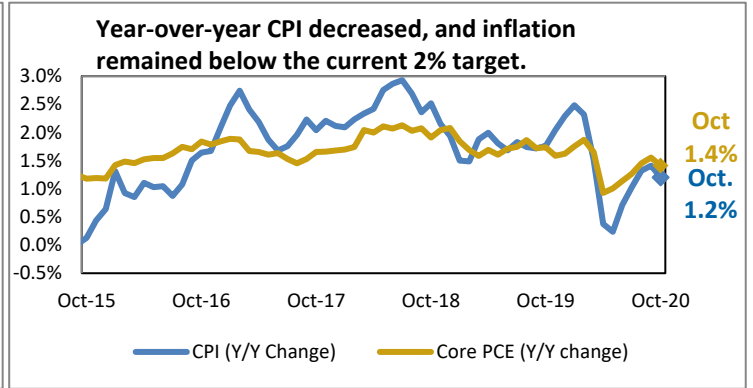
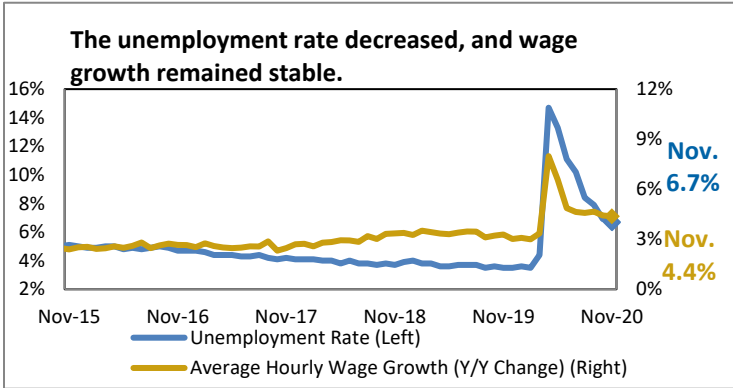
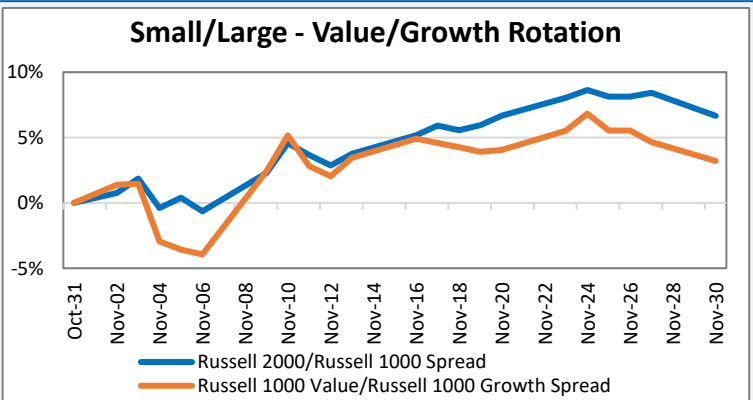


Chart of the Month

- Positive vaccine news and further post-election clarity contributed to two market rotations in equity performance. Small cap stocks outperformed large, and value stocks outperformed growth. The chart lines show the performance spread between the relevant indices.
- Results from a large-scale vaccine study on November 9 led to notable divergence between value and growth, boosting investor confidence that a vaccine-led economic recovery would benefit depressed cyclical stocks. Favored industries included energy (driven by oil prices up 27%), materials, industrials, and travel and leisure.



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

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

Equity Funds

U.S. Equity Fund

Fund	November	YTD
U.S. Equity Fund	+12.68%	+19.36%
Russell 3000 Index	+12.17%	+15.68%
Difference (percentage points)	+0.51	+3.68

- During the month, the fund outperformed the benchmark due to most active managers outperforming their respective benchmarks, as well as the fund's strategic overweight allocation to small- and mid-cap companies and underweight to large-cap, growth-oriented companies. Investments in private equity and private real estate, and the exclusion of certain stocks in compliance with Wespath's Exclusions Policy (described [here](#)), detracted from benchmark-relative performance.
- Year to date, the fund outperformed the benchmark largely due to growth-oriented active managers with exposure to numerous e-commerce and healthcare businesses better positioned to succeed through the pandemic. Underweight allocations to poor-performing large-cap, value-oriented companies and stocks excluded in compliance with Wespath's Exclusions Policy also benefited benchmark-relative performance. Investments in private equity and private real estate detracted from benchmark-relative returns.

International Equity Fund

Fund	November	YTD
International Equity Fund	+12.78%	+11.95%
MSCI ACWI ex U.S. Investable Market Index (Net)	+13.50%	+5.21%
Difference (percentage points)	-0.72	+6.74

- During the month, the fund underperformed its benchmark mainly due to investments in private equity and private real estate which, despite generating positive returns for the month, could not keep up with strong public market performance. The fund's underweight to developed countries, specifically France, the U.K. and Germany, also detracted from benchmark-relative performance.
- Year to date, the fund outperformed the benchmark. It benefited most from active managers outperforming their respective benchmarks. More specifically, a growth-oriented manager focused in developed markets and two managers investing in opportunities related to the transition to a low-carbon economy significantly outperformed their respective benchmarks. The fund also benefited from an overweight allocation to China, as the country has fared better in its recovery from the global pandemic. Stocks excluded from the fund in compliance with Wespath's Exclusions Policy also benefited benchmark-relative performance.

U.S. Equity Index Fund

Fund	November	YTD
U.S. Equity Index Fund	+12.10%	+15.97%
Russell 3000 Index	+12.17%	+15.68%
Difference (percentage points)	-0.07	+0.29

- The U.S. Equity Index Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. The exclusion of stocks in compliance with Wespath's Exclusions Policy positively contributed to year-to-date, benchmark-relative performance.

Fixed Income Funds

Fixed Income Fund

Fund	November	YTD
Fixed Income Fund	+2.16%	+7.36%
Barclays U.S. Universal (ex MBS) Index	+1.66%	+8.27%
Difference (percentage points)	+0.50	-0.91

- The fund outperformed its benchmark during the month due to allocations to corporate credit, both high-yield and investment-grade rated, as well as emerging market debt. The fund's allocation to the multi-family housing sector through high-quality U.S. agency commercial mortgage-backed securities and Wespath's Positive Social Purpose Lending Program detracted. Managers added value in the core, emerging market and corporate sectors.
- Year to date, allocations to emerging market debt, global debt, alternative investments, and corporate credit detracted from benchmark-relative performance. Allocations to U.S. government bonds and U.S. agency commercial mortgage-backed securities contributed positively to performance. Managers added value in the core, emerging market and high-yield corporate sectors.

Extended Term Fixed Income Fund

Fund	November	YTD
Extended Term Fixed Income Fund	+2.43%	+12.01%
Barclays U.S. Government/Credit Long Term Index	+3.52%	+16.35%
Difference (percentage points)	-1.09	-4.34

- The fund's policy of maintaining a lower sensitivity to interest rate movements contributed negatively to benchmark-relative returns during the month and year-to-date periods. Managers' sector and security selection added value during the month and year-to-date periods.

Inflation Protection Fund

Fund	November	YTD
Inflation Protection Fund	+2.05%	+3.89%
IPF Benchmark ⁱⁱ	+1.78%	+5.85%
Difference (percentage points)	+0.27	-1.96

- The fund's underweight exposure to U.K. inflation-linked securities added to benchmark-relative performance during the month. Managers' sector and security selection in the commodity, global and emerging market sectors added to performance for the month.
- Year to date, the fund's underweight exposure to U.K. inflation-linked securities and related overweight exposure to U.S. inflation-linked securities detracted from benchmark-relative performance. Allocations to global inflation-linked bonds added to relative performance, while allocations to senior loans and structured credit detracted. Managers' sector and security selection have detracted for the year.

Balanced Fund

Multiple Asset Fund

Fund	November	YTD
Multiple Asset Fund	+9.02%	+13.11%
MAF Benchmark ⁱⁱⁱ	+8.90%	+10.27%
Difference (percentage points)	+0.12	+2.84

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

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	November	YTD
Social Values Choice Bond Fund	+1.74%	+8.76%
Barclays U.S. Universal (ex MBS) Index	+1.66%	+8.27%
Difference (percentage points)	+0.08	+0.49

- The fund's allocation to mortgage-backed securities and security selection in corporate credit added to benchmark-relative performance during the month and year-to-date periods. The fund's exclusion of companies with fossil fuel reserves used for energy purposes contributed positively to benchmark-relative performance year to date.

Social Values Choice Equity Fund

Fund	November	YTD
Social Values Choice Equity Fund	+12.04%	+12.42%
SVCEF Benchmark ^{iv}	+12.13%	+12.31%
Difference (percentage points)	-0.09	+0.11

- The Social Values Choice Equity Fund is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses. The fund's fair market valuation policy (described [here](#)) negatively impacted benchmark-relative performance for the month and year-to-date periods.

U.S. Treasury Inflation Protection Fund

Fund	November	YTD
U.S. Treasury Inflation Protection Fund	+1.13%	+10.06%
Barclays U.S. Inflation Linked Bond Index	+1.19%	+10.29%
Difference (percentage points)	-0.06	-0.23

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

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

ⁱⁱ The benchmark for the Inflation Protection Fund is comprised of 80% Barclays World Government Inflation Linked Bond Index (Hedged), 10% Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index.

ⁱⁱⁱ The benchmark for the Multiple Asset Fund is comprised of 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) excluding USA Investable Market Index (IMI), 25% Barclays Capital U.S. Universal Index ex-Mortgage Backed Securities and 10% Inflation Protection Fund (IPF) Benchmark.

^{iv} The benchmark for the Social Values Choice Equity Fund is the MSCI World Environmental, Social and Governance (ESG) ex Fossil Fuels Index.