

November 2021 Investment Report

Highlights

- The S&P 500 stock index decreased 0.7% in November amid the emergence of the Omicron COVID-19 variant and comments from the Federal Reserve (Fed). International stocks, as measured by the MSCI All Country World ex. U.S. Index, decreased 4.6% in November.
- Inflation in the U.S. continued to surge as the Consumer Price Index (CPI) increased 0.9% in October and 6.2% year over year.
- Following a rebound in October, consumer confidence decreased to a nine-month low in November due to continued concerns over rising consumer prices.
- The U.S. economy added 210,000 non-farm jobs in November, much lower than the 555,000 monthly average this year, while the unemployment rate dropped from 4.6% to 4.2%.
- The U.S. Equity Fund, International Equity Fund, Fixed Income Fund, Inflation Protection Fund and Multiple Asset Fund underperformed their respective benchmarks in November.

Monthly Overview

A Volatile November for Markets

U.S. and international stocks declined in November due to concerns over the new Omicron COVID-19 variant, elevated inflation and Fed comments. The MSCI EAFE Index of stocks in developed countries outside the U.S. decreased 4.7%, and stocks in developing countries decreased 3.9%, as measured by the MSCI Emerging Markets IMI Index. In the U.S., only the growth-oriented sectors of Technology and Consumer Discretionary increased in November. The Russell 3000 Value Index declined 3.5% for the month, significantly underperforming the Russell 3000 Growth Index return of +0.3%. The VIX Index, which measures expected U.S. stock market volatility, increased 67% to a reading of 27.

The U.S. Treasury yield curve continued to flatten in November amid some volatility. The 30-year Treasury yield decreased 16 basis points, ending the month at 1.78% after temporarily increasing to 2.02% a week earlier. The two-year yield increased three basis points to 0.52% during the month.

Federal Reserve Changes Tone on Inflation

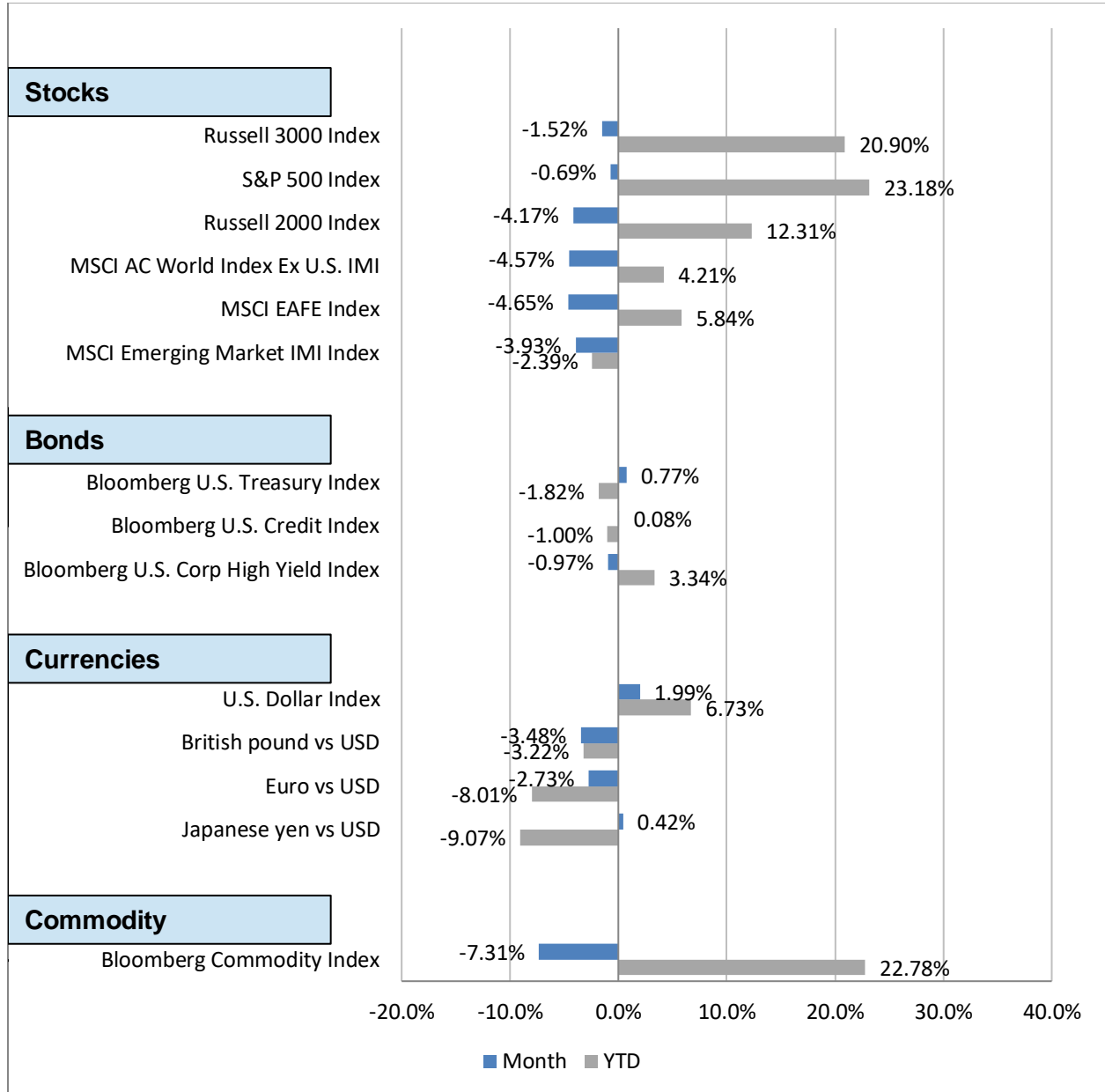
On November 3, the Fed announced that it would begin tapering its pace of asset purchases by \$15 billion per month. Nevertheless, Fed Chairman Jerome Powell continued to describe elevated inflation as “transitory.” By the end of November, Powell shifted his tone and acknowledged that elevated inflation should no longer be described as “transitory” and that the Fed may decide to taper its asset purchases more swiftly than previously indicated. Powell’s shift to a more “hawkish” tone caused investors to contemplate the possibility that the Fed will begin increasing interest rates sooner than previously anticipated.

New COVID-19 Variant Detected

A new variant of COVID-19 designated “Omicron,” also known as B.1.1.529, was detected in numerous countries around the world. First identified in South Africa by researchers who were investigating an increase in cases, Omicron has the potential to spread rapidly and increase the risk of reinfection due to its numerous mutations. The prospect of renewed lockdowns in the U.S. intensified concerns about supply chain bottlenecks driving further inflation. However, the price of crude oil in the U.S. decreased 21% during November due to the possibility of travel restrictions.

Sources: The Wall Street Journal, Bloomberg, CNBC, US Census, U.S. Bureau of Labor Statistics, The Conference Board, FactSet

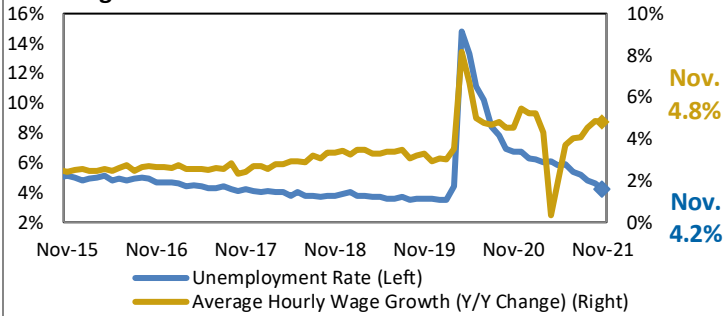
Market Performance



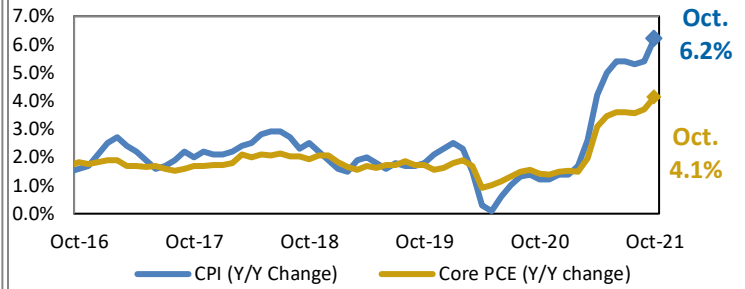
Source: FactSet, as of November 30, 2021.

Key Monthly Economic Statistics

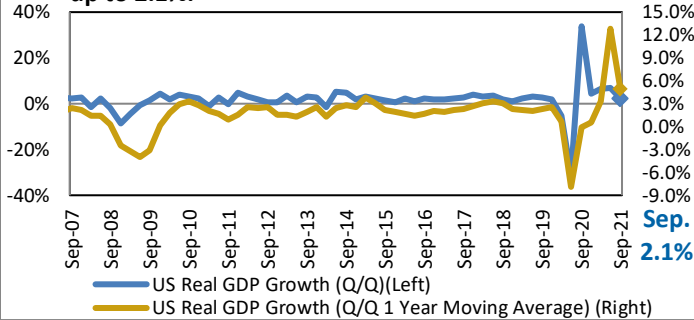
The Unemployment Rate decreased sharply, and Wage Growth continued to climb.



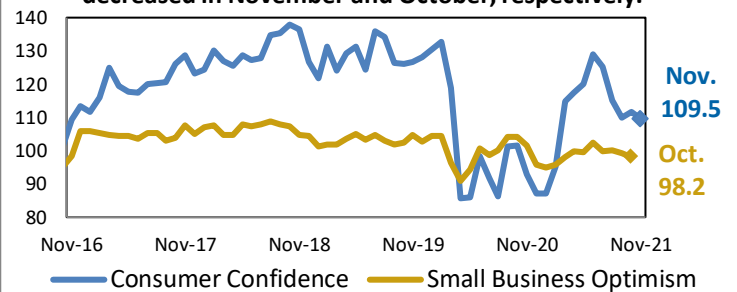
CPI Inflation hit its highest level in 31 years. Core PCE increased the most since January 1991.



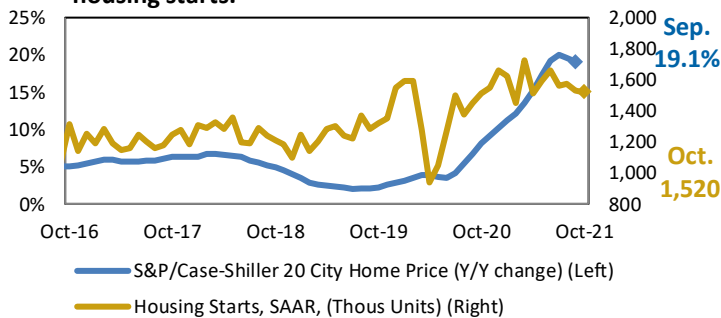
Q3 annualized U.S. Real GDP Growth was revised up to 2.1%.



Consumer Confidence and Small Business Optimism decreased in November and October, respectively.



Home Prices remained elevated amid steady housing starts.



The Fed Funds Rate remained near zero. The U.S. Dollar Index increased to a 16-month high.

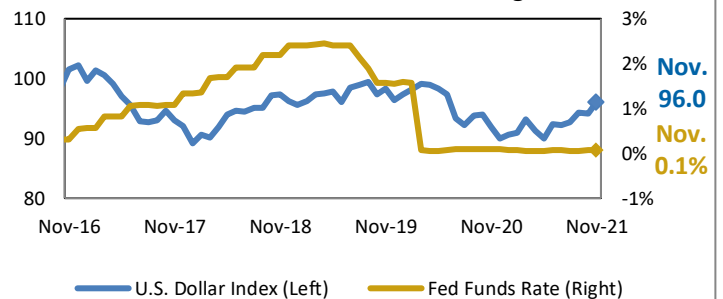
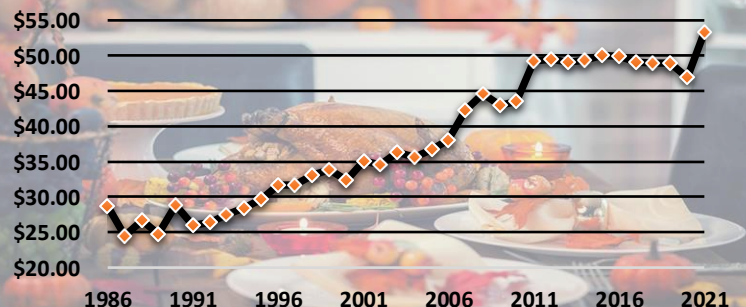


Chart of the Month

- The 36th annual Farm Bureau survey showed the average Thanksgiving dinner cost for 10 people this year increased 14% to \$53.31 from \$46.90 last year.
- The survey includes the costs of turkey, stuffing, sweet potatoes, rolls with butter, peas, cranberries, a veggie tray, a pumpkin pie with whipped cream, coffee and milk.
- The factors that contributed to increased costs included supply chain disruptions and high demand for food, especially meat.

Classic Thanksgiving Dinner Cost



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

Equity Funds

U.S. Equity Fund

Fund	November	YTD
U.S. Equity Fund	-2.43%	+16.25%
Russell 3000 Index	-1.52%	+20.90%
Difference (percentage points)	-0.91	-4.65

- During the month and year to date, the fund underperformed the benchmark due to its underweight allocation to strong performing mega-cap companies and corresponding overweight to small- and mid-cap stocks. Underperforming growth-oriented managers also detracted. Investments in e-commerce and telemedicine companies were the most significant detractors to relative performance. To a lesser extent, the fund's relative performance benefited from investments in alternative investments and Wespath's Exclusions policy (described [here](#)).

International Equity Fund

Fund	November	YTD
International Equity Fund	-5.08%	+1.16%
MSCI ACWI ex U.S. Investable Market Index (Net)	-4.57%	+4.21%
Difference (percentage points)	-0.51	-3.05

- During the month of November and year to date, the fund underperformed the benchmark mainly due to a number of underperforming managers, including a meaningful allocation to one growth-oriented manager, which detracted the most from relative performance. Investments in e-commerce companies were the most significant individual detractors. In addition, the fund's fair market valuation policy (described [here](#)) was a negative contributor to relative performance.

U.S. Equity Index Fund

Fund	November	YTD
U.S. Equity Index Fund	-1.50%	+21.23%
Russell 3000 Index	-1.52%	+20.90%
Difference (percentage points)	+0.02	+0.33

- The U.S. Equity Index Fund is a passively managed fund designed to closely match the fund benchmark, less fees and expenses. During both periods, Wespath's Exclusions policy (described [here](#)) positively impacted benchmark-relative performance.

Fixed Income Funds

Fixed Income Fund

Fund	November	YTD
Fixed Income Fund	-0.25%	-1.44%
Bloomberg U.S. Universal (ex MBS) Index	+0.18%	-1.06%
Difference (percentage points)	-0.43	-0.38

- During November, the fund's allocations to emerging market, global and corporate debt detracted from benchmark-relative performance. The fund's allocation to alternative investments added to relative performance.
- Year to date, the fund's allocations to corporate debt, alternative investments and Positive Social Purpose real estate loans, along with active managers' security selection, positively contributed to benchmark-relative performance. The fund's allocations to emerging market and global bonds detracted from benchmark-relative performance.

Extended Term Fixed Income Fund

Fund	November	YTD
Extended Term Fixed Income Fund	+0.61%	-1.79%
Bloomberg U.S. Government/Credit Long Term Index	+1.34%	-1.71%
Difference (percentage points)	-0.73	-0.08

- The fund's policy of maintaining a lower sensitivity to interest rate movements contributed positively to benchmark-relative performance during the year-to-date period but detracted for the month. Manager sector and security selection decisions also added to relative performance for all periods.

Inflation Protection Fund

Fund	November	YTD
Inflation Protection Fund (IPF)	-0.30%	+5.20%
IPF Benchmark ⁱⁱ	+1.17%	+7.12%
Difference (percentage points)	-1.47	-1.92

- The fund's underweight exposure to U.K. inflation-linked securities detracted from benchmark-relative performance for the month and year to date. This is the largest detractor of benchmark-relative performance in both periods.
- In November, the fund's allocation to floating-rate senior loans and commodities detracted from benchmark-relative performance. The fund's underweight allocation to emerging market inflation-linked securities added to relative performance.
- Year to date, the fund's underweight allocation to global inflation-linked securities positively impacted benchmark-relative performance. In contrast, the fund's allocations to cash, floating-rate senior loans and U.S. inflation-linked bonds detracted.

Balanced Fund

Multiple Asset Fund

Fund	November	YTD
Multiple Asset Fund (MAF)	-2.44%	+6.27%
MAF Benchmark ⁱⁱⁱ	-1.74%	+8.82%
Difference (percentage points)	-0.70	-2.55

- The U.S. Equity Fund, International Equity Fund, Fixed Income Fund and Inflation Protection Fund detracted from benchmark-relative performance during the month and year to date.

Social Values Choice Suite of Funds

Social Values Choice Bond Fund

Fund	November	YTD
Social Values Choice Bond Fund	+0.08%	-0.98%
Bloomberg U.S. Universal (ex MBS) Index	+0.18%	-1.06%
Difference (percentage points)	-0.10	+0.08

- The fund's duration positioning positively contributed to benchmark-relative performance for the year-to-date period but detracted in November. The active manager's security selections in investment-grade corporate bonds contributed positively to benchmark-relative performance during the month.

Social Values Choice Equity Fund

Fund	November	YTD
Social Values Choice Equity Fund (SVCEF)	-2.69%	+19.30%
SVCEF Benchmark ^{iv}	-2.56%	+19.54%
Difference (percentage points)	-0.13	-0.24

- 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](#)) negatively impacted benchmark-relative performance during both periods.

U.S. Treasury Inflation Protection Fund

Fund	November	YTD
U.S. Treasury Inflation Protection Fund	+1.10%	+5.54%
Bloomberg U.S. Inflation Linked Bond Index	+1.00%	+5.67%
Difference (percentage points)	+0.10	-0.13

- 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.
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