



**Wespath**

BENEFITS | INVESTMENTS

# Investments Update

Conference Forum | March 2024



# Agenda

My Enthusiasm for Wespath

Near-Term, Long-Term Plans

Wespath Investment Options

2024 Fund Lineup Priorities

Discussion with Dave



# My Enthusiasm for Wespath

The People:  
Culture of Kindness

The Mission:  
Support Faith-Based Investors

The Opportunity:  
Build on Strong Foundation



# Experience with ISBI

- **Executive Director and CIO**
- **Top-performing** private equity portfolio among public pension funds in 2019, 2020, 2021
- **Championed DEI initiatives** while exceeding investment return objectives
- **Reduced fees** by approximately \$30M
- **Added private credit; increased private equity and passive investment options**



# Additional Experience

- **La Rabida Children's Hospital**
  - Board of Trustees and Finance Committee
- **Frances Xavier Warde School**
  - Finance Committee and room parent
- **Face the Future Foundation**
  - Former president of Associate Board



# Near-Term Plans

Engage  
with Wespath  
clients and  
stakeholders

Enhance  
investment fund  
offerings and  
governance

Continue  
implementing  
strategy for DB  
plan de-risking  
efforts



# Long-Term Plans

- Develop a long-term investment strategy leveraging the great foundation currently provided
- Compile and prioritize actionable recommendations



# Wespath Investment Options





# Asset Allocation

- Main driver of returns
- Influenced by
  - risk tolerance
  - investment horizon
  - other retirement benefits
  - more
- Multiple options with Wespath



# Defined Contribution (DC) Investment Options

## Core Lineup

- Equity Funds
  - U.S. Equity Fund (USEF)
  - International Equity Fund (IEF)
- Fixed Income Funds
  - Fixed Income Fund (FIF)
  - Extended Term Fixed Income Fund (ETFIF)
  - Inflation Protection Fund (IPF)
  - U.S. Treasury Inflation Protection Fund (USTPF)
  - Stable Value Fund (SVF)

**Self Manage**

Set own asset  
allocation

# DC Investment Options Continued

## Core Lineup, Balanced Fund

- Multiple Asset Fund (MAF)

**Self Manage**

Set own asset allocation

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## Core Lineup, Social Values Choice

- Social Values Choice Bond Fund (SVCBF)
- Social Values Choice Equity Fund (SVCEF)
- U.S. Treasury Inflation Protection Fund (USTPF)

**Self Manage**

ESG lens / Set own asset allocation

# DC Investment Options Continued

## LifeStage Investment Management

**Do It For Me**

Automatic asset  
allocation

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## LifeStage Retirement Income

**Distribution  
Phase**

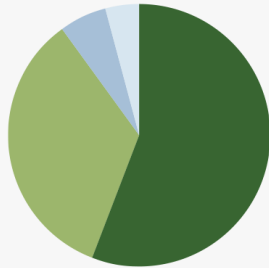
# LifeStage Investment Management Examples

## Lay Participant 1

Moderate Risk Tolerance

Age: 35      Salary: \$40,000      PIP Balance: \$50,000

### PIP Target Allocation



- U.S. Equity Fund: 49%
- International Equity Fund: 41%
- Fixed Income Fund: 6%
- Extended Term Fixed Income Fund: 4%

*Early-in-career participant has increased equity exposure.*

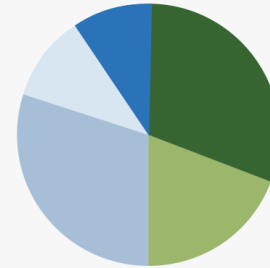
For illustrative purposes only.

## Lay Participant 2

Conservative Risk Tolerance

Age: 60      Salary: \$50,000      PIP Balance: \$250,000

### PIP Target Allocation



- U.S. Equity Fund: 27%
- International Equity Fund: 23%
- Fixed Income Fund: 30%
- Extended Term Fixed Income Fund: 10%
- Inflation Protection Fund: 10%

*Late-in-career participant has decreased equity exposure.*

# Performance of LifeStage Fund Options

Fund	1 year	3 years	5 years	10 years
<b>Fixed Income Fund</b>	<b>7.84%</b>	<b>-2.33%</b>	<b>2.16%</b>	<b>2.40%</b>
FIF Benchmark	6.51%	-3.00%	1.80%	2.29%
<b>U.S. Equity Fund</b>	<b>22.20%</b>	<b>5.77%</b>	<b>14.10%</b>	<b>10.48%</b>
USEF Benchmark	25.96%	8.54%	15.16%	11.48%
<b>International Equity Fund</b>	<b>11.97%</b>	<b>-2.65%</b>	<b>6.70%</b>	<b>3.80%</b>
IEF Benchmark	15.62%	1.53%	7.18%	3.97%
<b>Extended Term Fixed Income Fund</b>	<b>9.81%</b>	<b>-5.19%</b>	<b>1.73%</b>	-
ETFIF Benchmark	7.13%	-8.68%	1.12%	-
<b>Inflation Protection Fund</b>	<b>4.76%</b>	<b>1.69%</b>	<b>3.90%</b>	<b>2.65%</b>
IPF Benchmark	3.28%	-1.12%	2.60%	2.86%

Net of Fees as of December 31, 2023. Please refer to the disclosures at the end of this presentation for additional information.

# 2024 Fund Lineup Priorities



# U.S. Equity Index Fund for Participants

- Broad U.S. market exposure
- Portfolio of stocks that closely replicates the composition and performance of the benchmark
- Lower fees and expenses
- Launching in 2024

Please refer to the disclosures at the end of this presentation for additional information.





# Enhancing Social Values Choice Suite of Funds

Reviewing fund construction to ensure alignment with investors' goals

Exploring ways to lower costs

Looking into expansion to LifeStage and I Series



# Short Term Investment Fund for Plan Sponsors

- Preserve capital while earning current income
- Fund performance

Fund	1 year	3 years	5 years	10 years
<b>Short Term Investment Fund</b>	<b>5.17%</b>	<b>2.06%</b>	<b>1.86%</b>	<b>1.24%</b>
STIF Benchmark	5.05%	2.17%	1.89%	1.26%

Net of Fees as of December 31, 2023. Please refer to the disclosures at the end of this presentation for additional information.

# Meet the Team



**Neil Sobczak**  
*Manager,  
Institutional  
Investment Services*



**Evan Witkowski**  
*Manager,  
Institutional  
Relationships*



**Karen Manczko**  
*Director,  
Institutional  
Relationships*



And if you are not able to connect with them, please use the QR code to set up a meeting.

# Dave Zellner

*Chief Investment Officer*

Announced he will retire August 1, 2024.

“ It has been a privilege to help serve the individuals and organizations central to advancing the mission of The United Methodist Church. ”

—*Dave Zellner*





# Wespath

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# Disclosures

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## General Disclosures

General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois ("Wespath Benefits and Investments" or "Wespath") is a not-for-profit, administrative agency of the religious denomination known as The United Methodist Church.

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As part of the Wespath organization, WII and UMCBB utilize certain shared personnel, including the Wespath investment team. All WII shared personnel must comply in all respects with WII's **policies and procedures**.

# Disclosures

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## Performance Disclosures

The performance shown is for the stated time period only and computed in U.S. Dollars (USD). Returns presented are time-weighted returns. Historical returns are not indicative of future performance. Except as otherwise noted, the performance in this presentation is presented net-of-fees.

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## Benchmark Disclosures

Throughout this document, the terms “benchmark” is used to refer to comparisons of each fund’s performance. A benchmark is a standard that investors use to evaluate how well a fund has performed. Comparing a fund to this fixed standard allows investors to evaluate how well the fund did in terms of meeting its goals, whether the goal was to match returns of the benchmark or to attain a return above the benchmark.

The investments of the funds and composites may vary substantially from those in the applicable benchmark. The benchmarks are based on broad-based securities market indices, which are unmanaged, cannot be invested in and are not subject to fees and expenses typically associated with investment funds. Investments cannot be made directly in an index.

## Fee Disclosures

The returns will be reduced by the amount of fees and expenses charged to the funds. The fees and expenses for the P Series funds are described more fully in the *Investment Funds Description – P Series*.

# Disclosures

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## Fund Benchmark Disclosures

**Fixed Income Fund:** The benchmark is the Bloomberg U.S. Universal Index ex-Mortgage Backed Securities (MBS). 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.

**U.S. Equity Fund:** The 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.

**International Equity Fund:** The 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. Benchmark returns are measured net of dividend tax withholding.

**Extended Term Fixed Income Fund:** The benchmark is the Bloomberg U.S. Long Government/Credit Index. The Bloomberg U.S. Long Government/Credit Index is a broad-based benchmark that includes fixed-rate treasuries as well as investment grade, U.S. dollar-denominated, government-related and corporate bonds with maturities longer than 10 years.

**Inflation Protection Fund:** The benchmark is 90% Bloomberg U.S. Treasury Inflation-Linked Bond Index and 10% Bloomberg Commodity Index, effective February 1, 2023. The Bloomberg U.S. Treasury Inflation-Linked Bond Index measures the investment performance of the U.S. Treasury Inflation Protected Securities (TIPS) market. The Bloomberg Commodity Index measures the investment performance of a broadly diversified portfolio of futures contracts on physical commodities. From January 1, 2016 to January 31, 2023, the benchmark was 80% Bloomberg World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. Prior to January 1, 2016, the benchmark was the Bloomberg U.S. Government Inflation Linked Bond (Series B) Index.

**U.S. Equity Index Fund:** The 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.

**Short Term Investment Fund:** The 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 presented in the table above provides the actual returns generated by STIF 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. At any given time, Wespath invests between \$400 and \$700 Million in a short term investment strategy. This amount includes all direct investments in the strategy (primarily residual cash) and the assets of the Short Term Investment Fund.