

April 2022 Investment Report

Highlights

- The S&P 500 Index of U.S. blue chip stocks fell 8.7% in April, while non-U.S. stocks were down 6.3%. The Bloomberg U.S. Aggregate Bond Index lost a more modest 3.8%. The 10-year U.S. Treasury yield recorded its largest monthly increase in over a decade.
- The list of concerns for investors grew during the month as the U.S. economy contracted 1.4% during the first quarter and China implemented renewed COVID-19 lockdowns across major cities – resulting in continued supply-chain disruption.
- The Labor Department reported that U.S. employers added 428,000 nonfarm jobs in April, and the unemployment rate remained at 3.6%.
- The U.S. dollar appreciated 4.7% vs. a basket of developed market currencies.
- The U.S. Equity Fund – I Series, Fixed Income Fund – I Series and Inflation Protection Fund – I Series outperformed, while the International Equity Fund – I Series and Multiple Asset Fund – I Series underperformed their respective benchmarks for April.

Monthly Overview

U.S. GDP Contracted 1.4% Amid High Inflation

The U.S. economy contracted for the first time since early in the COVID-19 pandemic as supply-chain disruptions negatively impacted growth, a swift shift from the brisk 6.9% annual growth rate during the fourth quarter. Gross domestic product unexpectedly fell by 1.4% on an annualized basis during the first quarter. Wall Street consensus expectations were for a positive 1.1% annualized growth rate. A widening trade deficit and a slower pace of inventory investment also weighed on economic output. However, consumer spending, which makes up approximately two-thirds of the economy, rose 2.7% on an annualized basis. The Consumer Price Index increased 8.5% from a year earlier, measuring the highest inflation rate in 40 years. Bond yields increased and prices decreased as investors anticipated aggressive U.S. Federal Reserve (Fed) interest rate hikes to combat inflation.

NASDAQ Posts Worst Monthly Return Since 2008

The tech heavy NASDAQ Index recorded its worst monthly decline since 2008, down over 13%, as corporate earnings growth slowed and investors became increasingly concerned about rising inflation and the likelihood of the Fed increasing interest rates at a faster pace. The group of mega-tech companies known as the “FAANG” stocks all produced negative returns between -12% (Amazon) and -51% (Netflix) during the month. The VIX, an index that measures the expected volatility in the S&P 500 Index over the next 30 days, jumped by 62% in April.

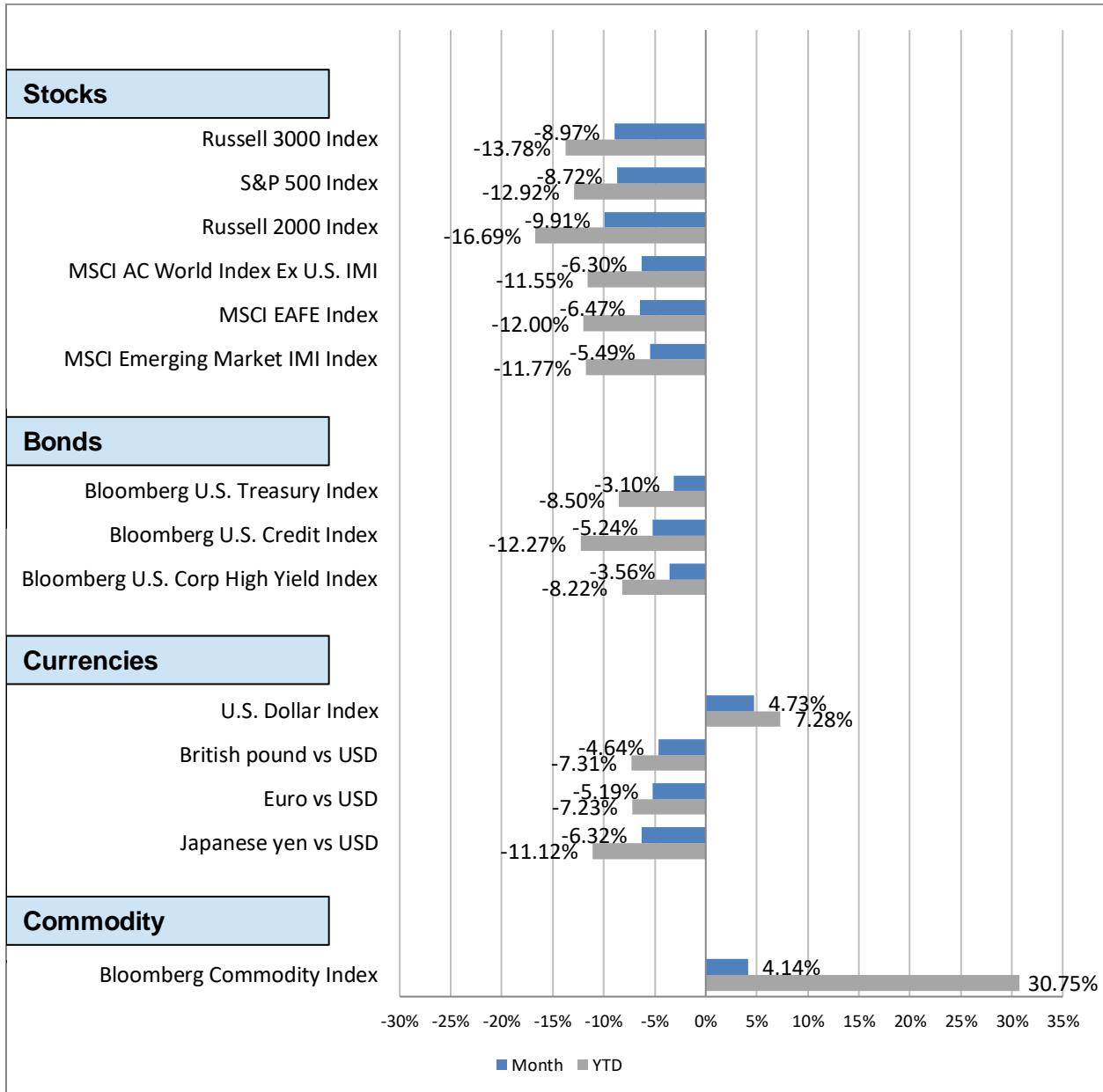
Corporate Earnings Growth Moderates

Companies started to report financial results for the first quarter of 2022 and earnings growth rates have moderated considerably from 2021 levels. As of the writing of this report, S&P 500 companies are expected to generate earnings growth of 7.1% for the first quarter from a year ago. For the 2022 calendar year, analysts are forecasting earnings growth of 10.3% for S&P 500 companies.

Russia’s Invasion of Ukraine Intensifies

Russian military forces intensified fighting in Ukraine and appeared to be in control of much of Mariupol by month end. The tragic conflict has exacerbated global inflation by disrupting the region’s exports of energy, agricultural products, fertilizers and other commodities.

Market Performance



Source: FactSet, as of April 30, 2022.

Key Monthly Economic Statistics

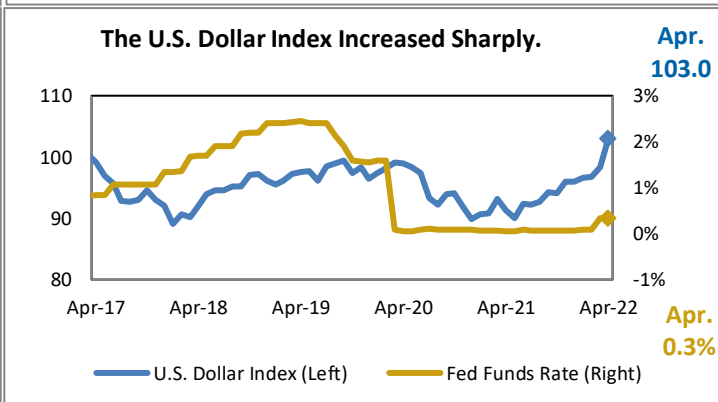
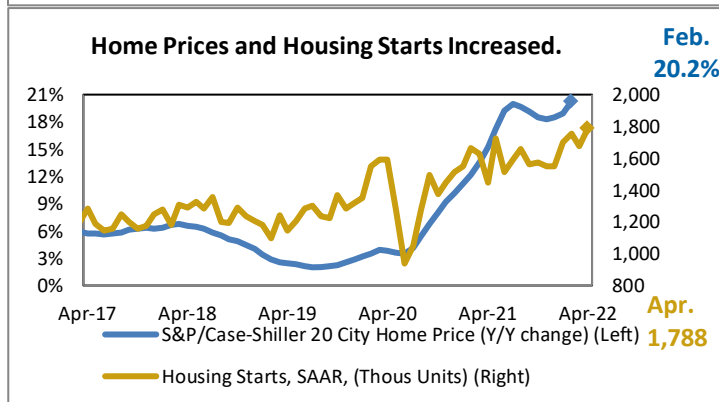
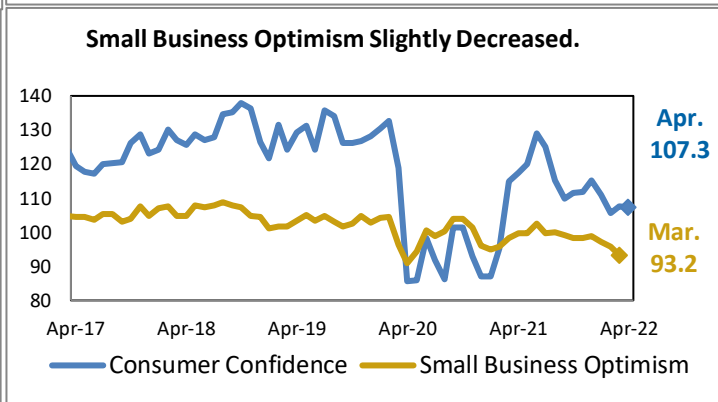
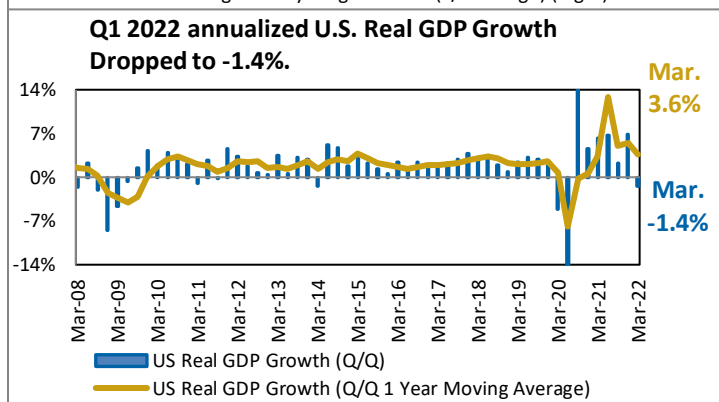
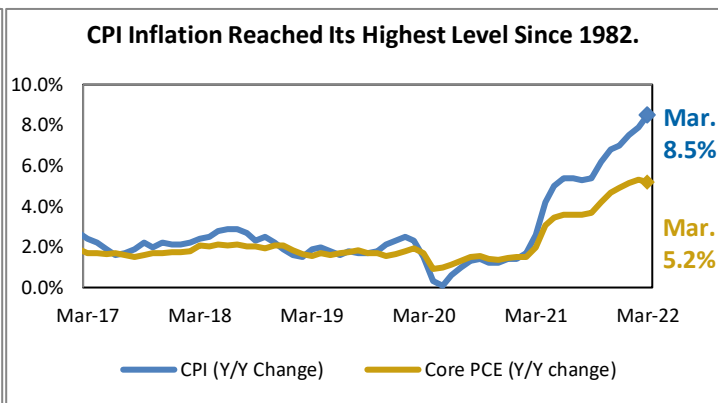
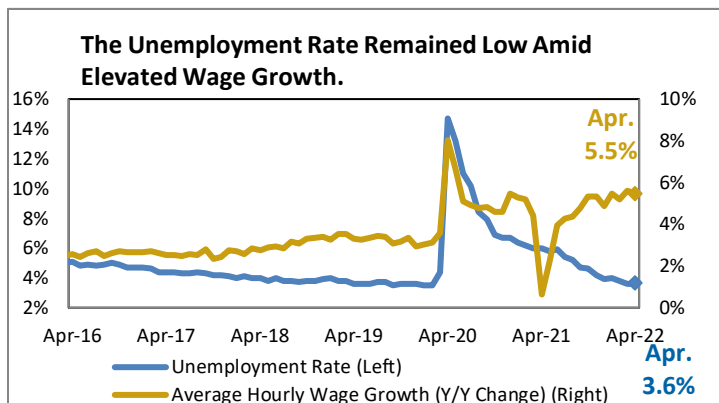
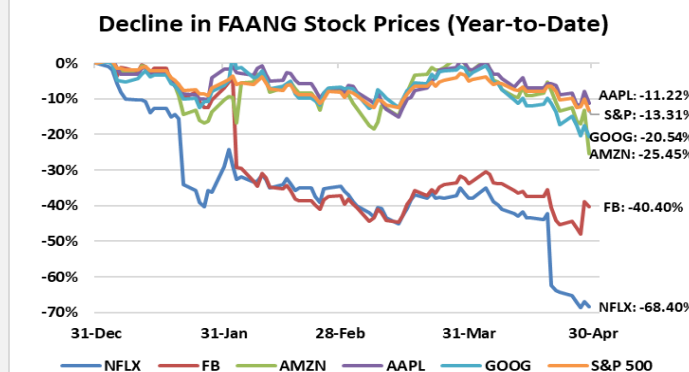


Chart of the Month

- During the pandemic, when interest rates were low and most consumers were spending most of their time at home, technology stocks had some very profitable months.
- Yet, since January 1, 2022, several of the most prominent U.S. tech companies have had dramatic declines in stock prices.
- Netflix has lost subscribers, Amazon posted its first quarterly loss since 2015, and COVID-19 lockdowns in China have affected Apple's stock price.
- Investors will be closely watching China, the war in Ukraine, and how the Fed handles inflation, as all 3 will impact the performance of these U.S. based companies.



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

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

Equity Funds

U.S. Equity Fund – I Series

Fund	April	YTD
U.S. Equity Fund – I Series (USEF-I)	-9.09%	-14.49%
Russell 3000 Index	-8.97%	-13.78%
Difference (percentage points)	-0.12	-0.71

- During the month and year to date, the fund's underweight to mega-tech stocks, and dedicated holdings in alternatives, contributed positively to benchmark-relative performance. Alternatively, an overweight to small- and mid-cap growth companies, investments in other growth-oriented stocks, and stocks excluded in accordance with WII's Exclusions Policy (described [here](#)) detracted from performance.

International Equity Fund – I Series

Fund	April	YTD
International Equity Fund – I Series (IEF-I)	-7.53%	-16.58%
MSCI ACWI ex U.S. Investable Market Index (Net)	-6.30%	-11.55%
Difference (percentage points)	-1.23	-5.03

- During the month and year to date, the fund underperformed its benchmark mainly due to poor performing investments held by growth-oriented active managers. Specifically, poor performing investments in e-commerce platform companies were meaningful detractors during both periods. The fund's fair market valuation policy (described [here](#)) negatively impacted benchmark-relative performance during both periods.

U.S. Equity Index Fund – I Series

Fund	April	YTD
U.S. Equity Index Fund – I Series	-9.06%	-14.02%
Russell 3000 Index	-8.97%	-13.78%
Difference (percentage points)	-0.09	-0.24

- The U.S. Equity Index Fund – I Series is a passively managed fund designed so that it closely matches the fund benchmark, less fees and expenses.

Fixed Income Funds

Fixed Income Fund – I Series

Fund	April	YTD
Fixed Income Fund – I Series (FIF-I)	-3.84%	-9.52%
Barclays U.S. Universal (ex MBS) Index	-3.80%	-10.00%
Difference (percentage points)	-0.04	+0.48

- In April, the allocation to investment-grade rated credit, emerging market debt, and global bonds detracted from relative performance. In contrast, the allocation to U.S. agency commercial mortgage-backed securities, below-investment-grade rated (high yield) corporate bonds, and the Positive Social Purpose Lending Program positively contributed to benchmark-relative performance.
- Year to date, the fund outperformed its benchmark. Allocations in emerging market and corporate investment-grade rated debt detracted from relative performance. The fund's allocations to below-investment-grade rated bonds, U.S. agency commercial mortgage-backed securities, global bonds, alternatives, and Positive Social Purpose Lending Program positively contributed to relative performance. Manager selection was positive for the period.

Inflation Protection Fund – I Series

Fund	April	YTD
Inflation Protection Fund – I Series (IPF-I)	-1.33%	-0.24%
IPF-I Benchmark ⁱⁱ	-2.38%	-1.83%
Difference (percentage points)	+1.05	+1.59

- The fund's underweight U.K. inflation-linked securities policy was the largest contributor to positive performance for the month and year-to-date periods.
- Year-to-date and in April, the modest overweight allocation to commodities and allocation to senior loans positively contributed to benchmark-relative performance. Overweights to U.S. and global inflation-linked bonds detracted from the fund's benchmark-relative performance. Additionally, the underweight allocation to emerging market inflation-linked securities detracted from relative performance for the year.

U.S. Treasury Inflation Protection Fund – I Series

Fund	April	YTD
U.S. Treasury Inflation Protection Fund – I Series	-2.44%	-5.42%
Barclays U.S. Inflation Linked Bond Index	-2.18%	-5.43%
Difference (percentage points)	-0.26	+0.01

- 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. In April, high interest rate volatility amplified small deviations in curve positioning between the fund and its index.

Balanced Fund

Multiple Asset Fund – I Series

Fund	April	YTD
Multiple Asset Fund – I Series (MAF-I)	-6.52%	-12.44%
MAF-I Benchmark ⁱⁱⁱ	-6.22%	-10.96%
Difference (percentage points)	-0.30	-1.48

- During the month, IPF-I positively contributed to benchmark-relative performance, but IPF-I, IEF-I and USEF-I detracted from benchmark-relative performance.
- Year to date, FIF-I and IPF-I positively contributed to benchmark-relative performance, but USEF-I and IEF-I detracted from benchmark-relative performance.

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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 – I Series](#) for more information about the funds. This is not an offer to purchase securities.

ⁱⁱ The benchmark for the Inflation Protection Fund – I Series 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 – I Series 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% IPF Benchmark.
