



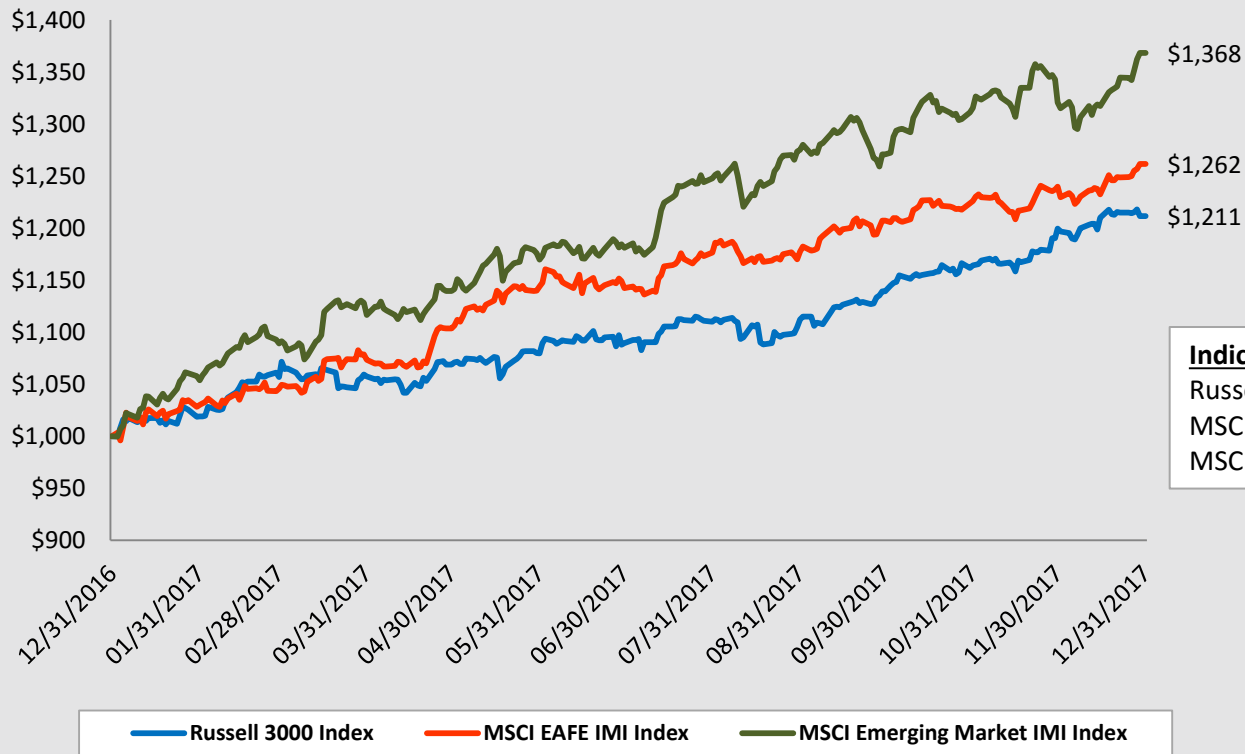
**Wespath**

BENEFITS | INVESTMENTS

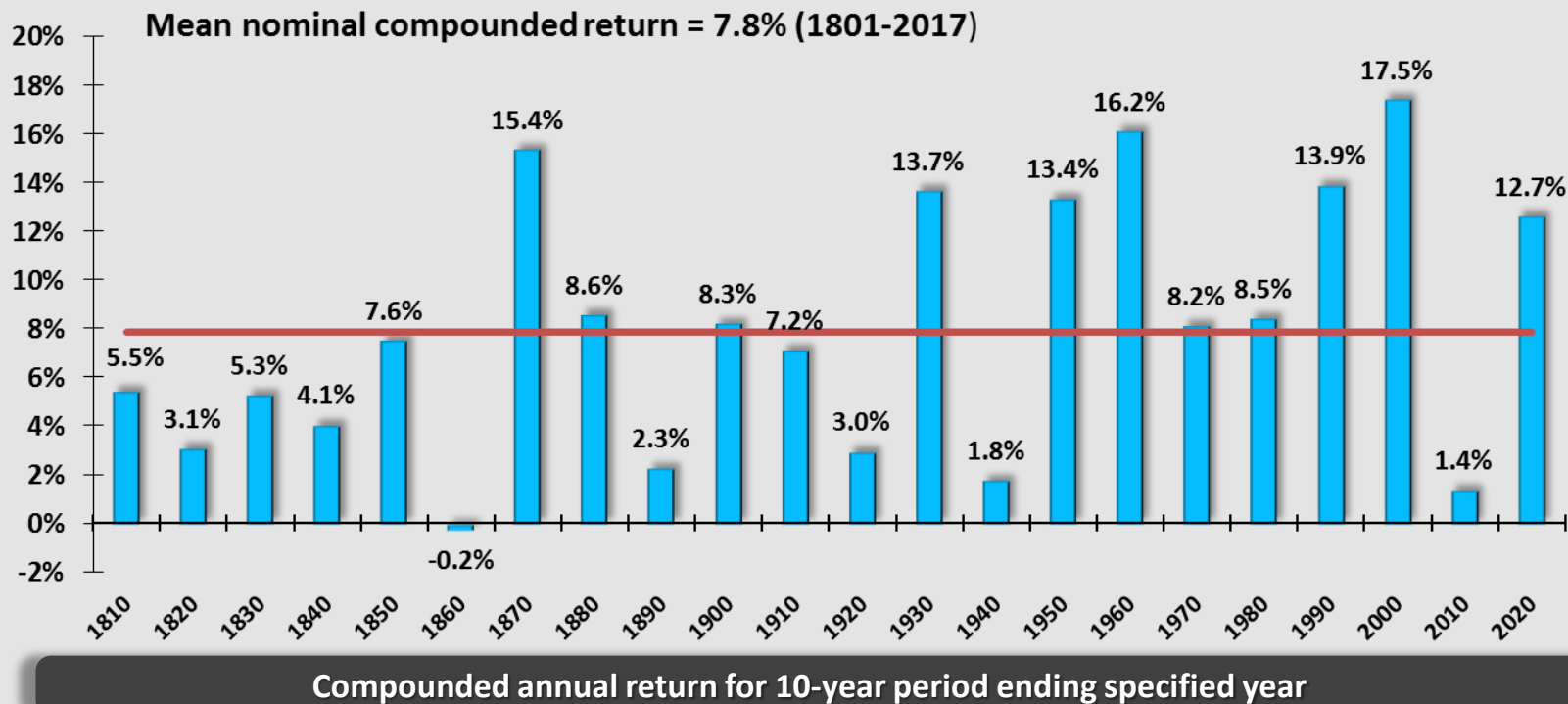
CONFERENCE FORUM—MARCH 2018

# Securing Your Investments

# Robust Market Returns in 2017

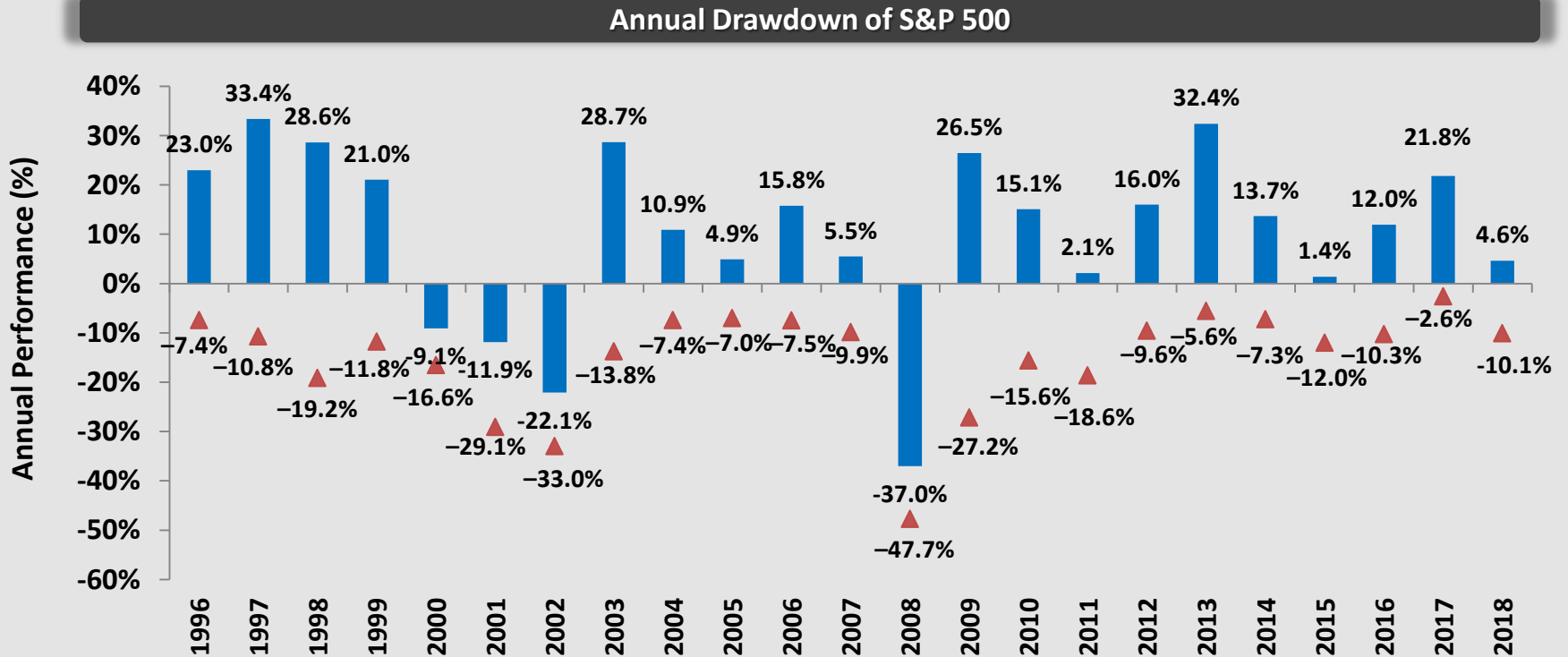


# U.S. Stock Market—Returns by Decade




Source: Ibbotson Associates and Global Financial Data. Data as of December 31, 2017

# Average Decline During Any Year— Nearly 12% for 20 Years



Source: Morningstar, Nanette Abuhoff Jacobson, Hartford Funds. Data as of March 9, 2018

# Investors Should Not Be Seduced by Strong Returns

 ProShares <sup>®</sup>	4Q 2017	Year to Date	1-Year	3-Year	5-Year	Fund Inception*
<b>ProShares Short VIX Short-Term Futures ETF - NAV Total Return</b> (as of 12/31/17)	35.90%	179.12%	179.12%	60.66%	50.41%	67.95%

## About the Fund

- **Designed for knowledgeable investors** who seek to profit from decreases in the expected volatility of the S&P 500, as measured by the prices of VIX futures contracts.
- Intended for short-term use; investors should **actively manage and monitor their investments, as frequently as daily**

**\*Inception date: October 3, 2011**

Source: ProShares

# If it Looks too Good to Be True...

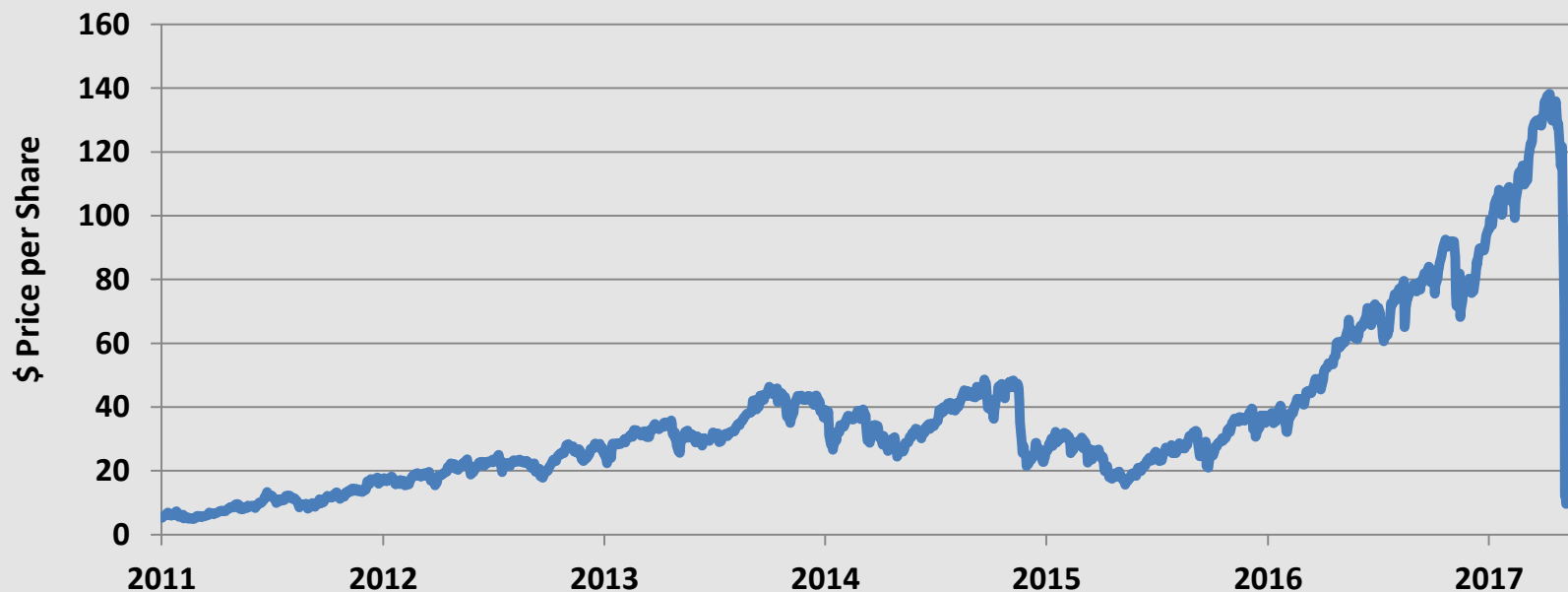
ProShares Short VIX Short-Term Futures ETF Price History through January 22, 2018



Source: NASDAQ, Wespath

# ...Then it Probably Is!

ProShares Short VIX Short-Term Futures ETF Price History through February 8, 2018



# 2017 Fund Performance—Multiple Asset Fund

## Fund Performance (Net-of-Fees) as of December 31, 2017

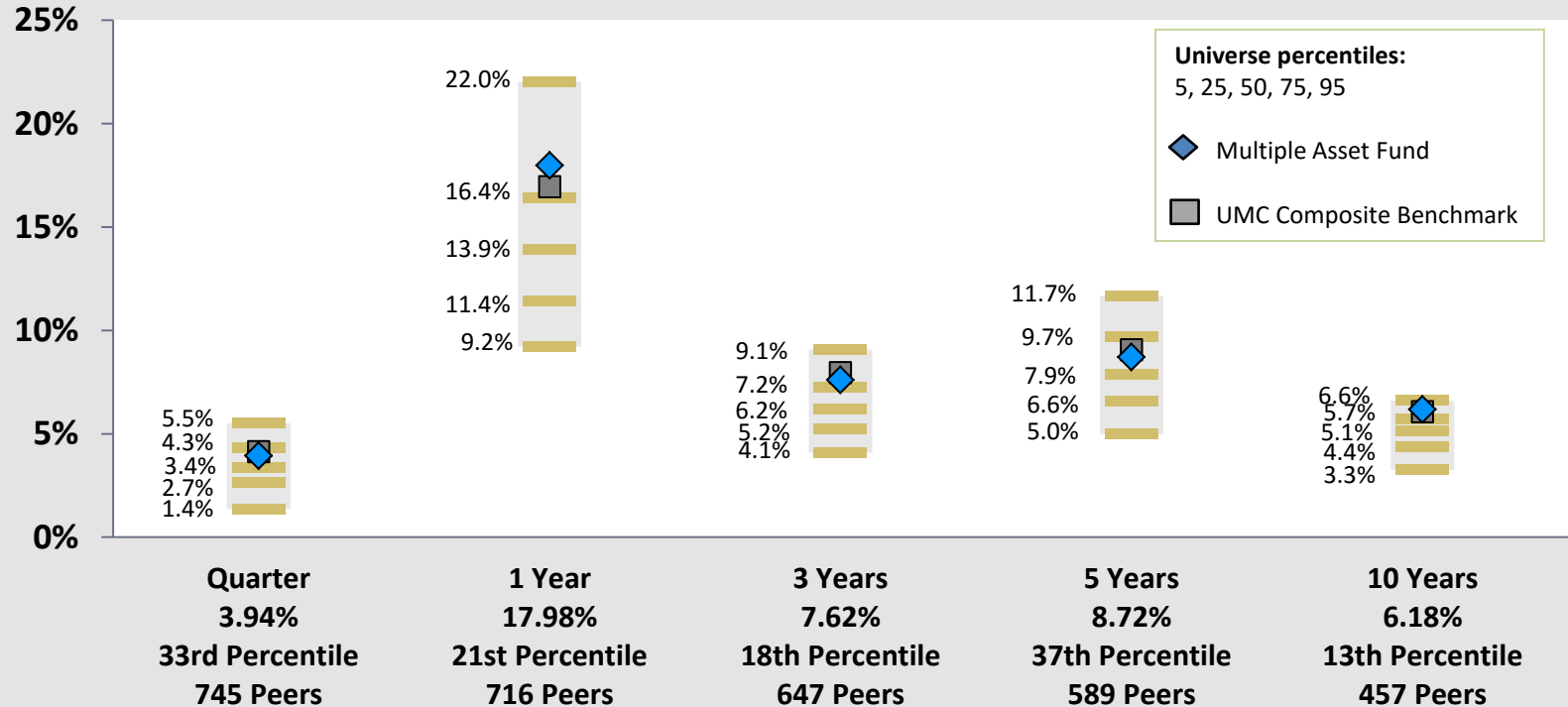
Fund	3 Months	Annualized				Since Inception
		1 Year	3 Years	5 Years	10 Years	
<b>Multiple Asset Fund</b>	3.94%	17.98%	7.62%	8.72%	6.18%	7.49%
<b>MAF Benchmark</b>	4.14%	16.95%	7.97%	9.07%	6.07%	7.17%
<b>Excess Return</b>	<b>-0.20%</b>	<b>1.03%</b>	<b>-0.35%</b>	<b>-0.35%</b>	<b>0.11%</b>	<b>0.32%</b>

**Inception: May 1, 2002**

Historical returns are not indicative of future performance. Please refer to the disclosures at the end of this presentation for additional benchmark information. Please refer to the [Investment Funds Description](#) for more information about the funds. This is not an offer to purchase securities. Offers will only be made through the *Investment Funds Description*.



# Multiple Asset Fund—December 31, 2017



Net-of-fees; Source: Wilshire Lipper Universe; as of 12/31/2017; Historical returns are not indicative of future performance. Please refer to the disclosures at the end of this presentation for additional benchmark information and to the [Investment Funds Description](#) for more information about the funds. This is not an offer to purchase securities. Offers will only be made through the *Investment Funds Description*.

# Optimistic Worldview

**The world will continue to experience modest and sustainable long-term growth driven by the emerging economies of Asia, Latin America, Africa and Eastern Europe**

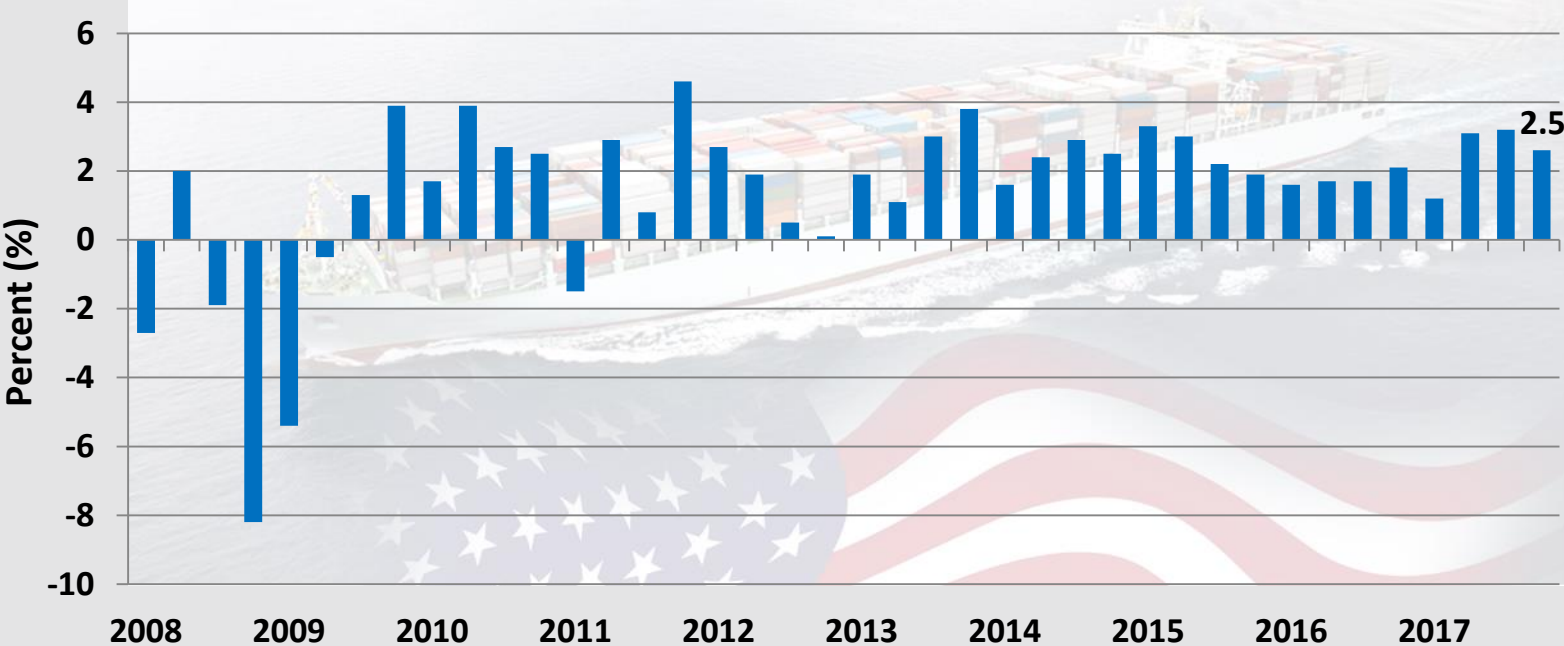


# U.S. Economic Update



# U.S. Real GDP Growth

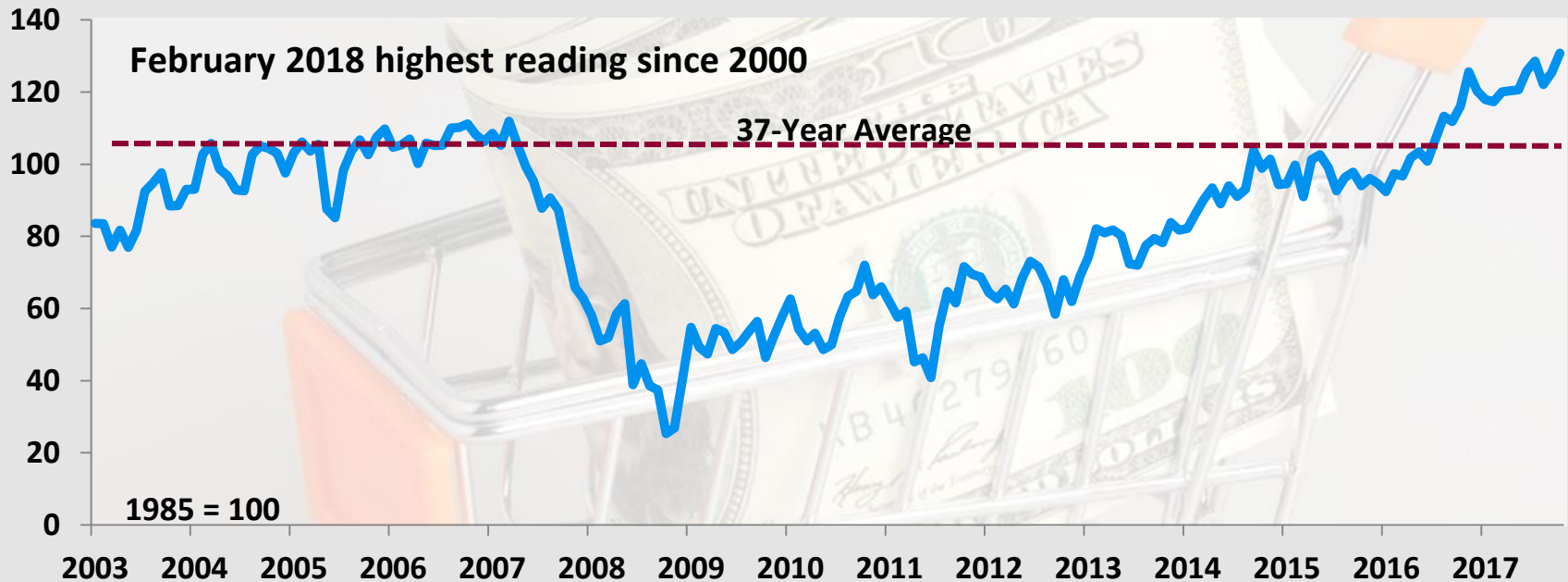
Change in U.S. Gross Domestic Product



Source: Bureau of Economic Analysis, FactSet Seasonally-adjusted Annual Rate. Data as of December 31, 2017

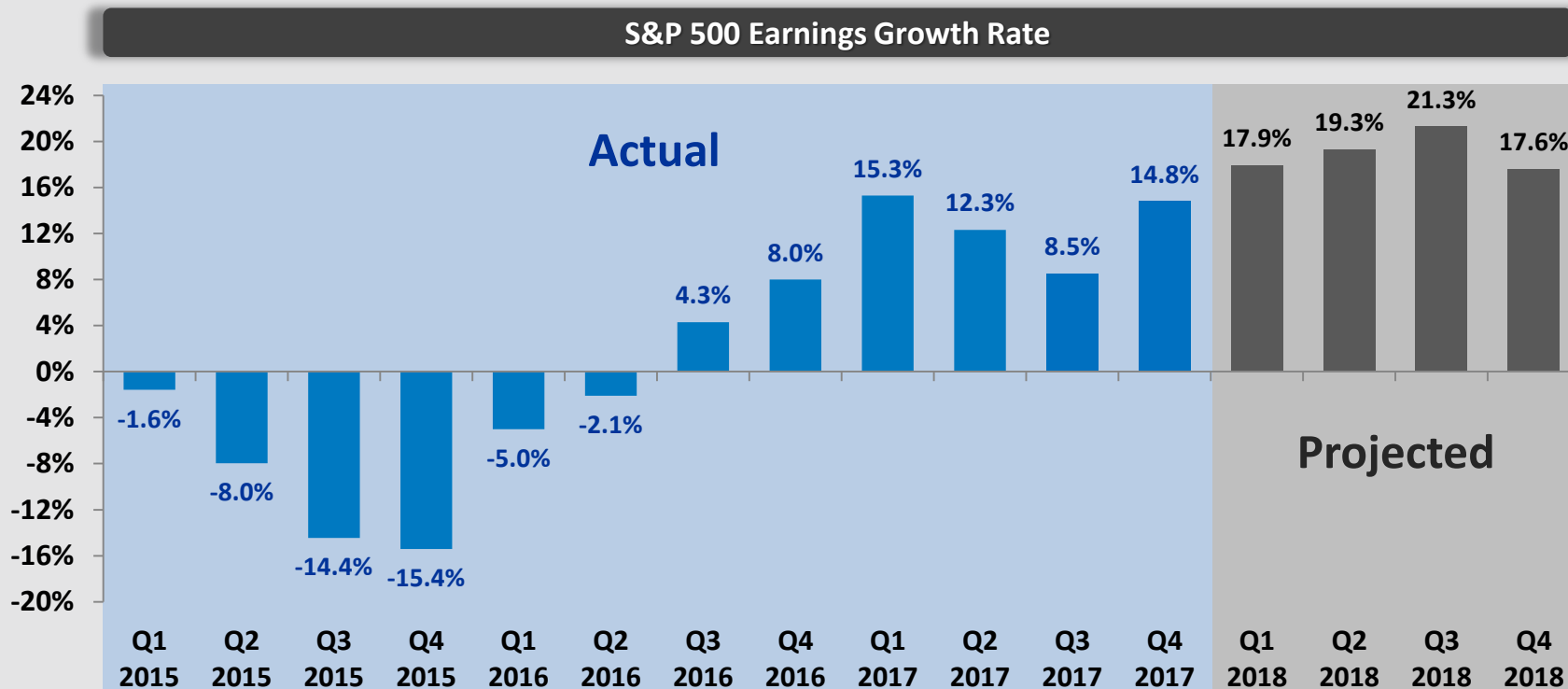
# Consumer Optimism Remains High

Conference Board Consumer Confidence Index



Source: Conference Board, FactSet. Data as of January 30, 2018

# Corporate Profit Growth Strong

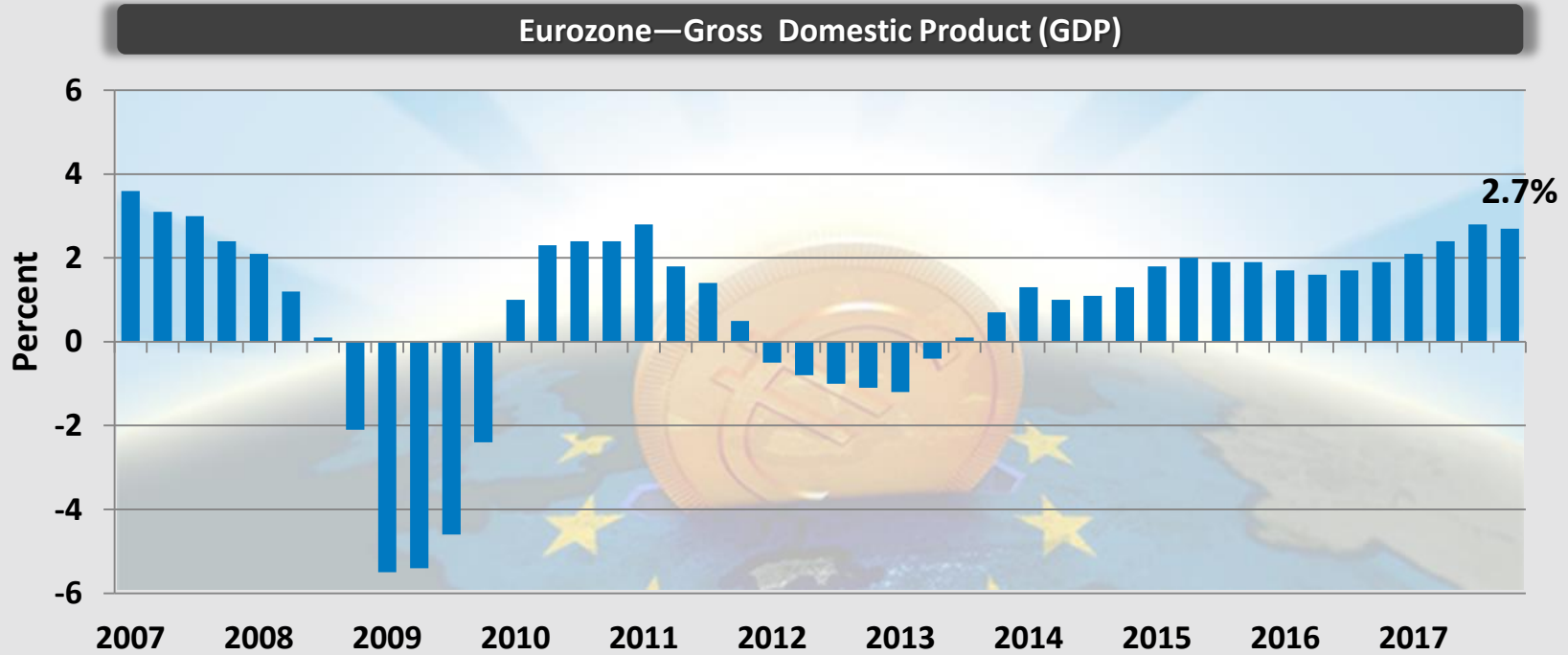


Source: 2015: multpl.com, 2016-2018 S&P 500 Earnings Scorecard, Thomson Reuters I/B/E/S. Data as of February 13, 2018

# Economic Conditions in Europe Have Improved



# Eurozone Economic Growth Best Since 2011



Seasonally Adjusted Annual Rate

Source: Organisation for Economic Cooperation and Development, FactSet, Data as of December 31, 2017



# Euro Area Businesses and Consumers Very Confident About Economic Conditions

## Euro Area Economic Sentiment Indicator



Source: European Commission. Data as of December 31, 2017

# Emerging Economies



# One Belt and One Road



Source: European Institute for One Belt One Road Economic and Cultural Cooperation and Development

# Investment Beliefs Guide Us Through Market Cycles



**Investor Focus**



**Optimistic Worldview**



**Sustainability**



**Low-Carbon Transition**



**Long-Term Perspective**



**Diversification**



**Stewardship**



**Culture**



**Expertise**



**Active Management**

# Remind Us to Always Act as Long-Term Investors



**A long-term focus  
best aligns investment returns  
and risks with investor needs**

# Five Global Shifts Reshaping our World

**Shift in  
Economic Power**



**Demographic  
Shifts**



**Climate Change  
Resource Scarcity**



**Accelerating  
Urbanization**



**Technology  
Advancement**

# Mentimeter Question



# Investment Beliefs...



**Investor Focus**



**Optimistic Worldview**



**Sustainability**



**Low-Carbon Transition**



**Long-Term Perspective**



**Diversification**



**Stewardship**



**Culture**



**Expertise**



**Active Management**



# ...Encourage Us to Invest Sustainably

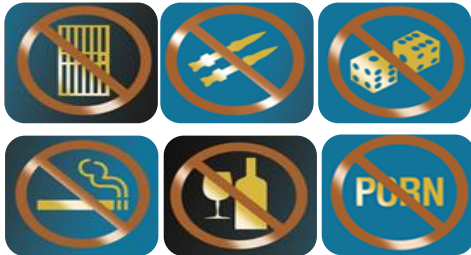


**Positioning for  
a more sustainable global  
financial economy**

# Wespath's Three Main Strategies: Avoid—Engage—Invest

## Avoid

- Ethical exclusions



- Financial risk exclusions



## Engage

- Proxy voting
- Shareholder resolutions
- Corporations
- Policymakers

### Environmental



### Social



### Governance



### Proxy Voting



## Invest

- External manager benchmarking
- Positive Social Purpose Lending Program
- Low-carbon solutions



# 2017 Successes—Sustainable Investment Strategies



**Low-Carbon Transition**



**Board Diversity**

# Preparing for the Low-Carbon Transition



# Encouraging Board Diversity



# Supporting Affordable Housing Across the U.S.

## Prairie Commons Apartment Homes—Dallas, Texas

Positive Social Purpose Lending Video—Prairie Commo...





# New Social Values Choice Suite of Funds

For Investors with a heightened focus on environmental and social performance

**Equity Social  
Values Plus  
Fund (ESVPF)\***

**Social Values  
Choice Bond  
Fund**

**U.S. Treasury  
Inflation  
Protection Fund**

**\* Effective April 7, 2018, ESVPF will be renamed the Social Values Choice Equity Fund.**



# Investment Beliefs...



# ...Underscore Our Investor Focus



**Investment decisions and activities must support the financial well-being of our participants and mission of our institutional investors**



**Wespath**

BENEFITS | INVESTMENTS

# 2017 Fund Performance

Fund	1-Year	3-Years	5-Years	10-Years	Since Inception <sup>1</sup>
Multiple Asset Fund (MAF)	17.98%	7.62%	8.72%	6.18%	7.49%
<i>MAF Benchmark<sup>2</sup></i>	16.95%	7.97%	9.07%	6.07%	7.17%
U.S. Equity Fund (USEF)	19.92%	10.20%	14.76%	8.08%	7.13%
<i>USEF Benchmark<sup>3</sup></i>	21.13%	11.12%	15.58%	8.60%	7.40%
International Equity Fund (IEF)	30.56%	8.99%	7.25%	2.93%	6.91%
<i>IEF Benchmark<sup>4</sup></i>	27.81%	8.38%	7.22%	2.20%	5.65%
Fixed Income Fund (FIF)	6.57%	3.37%	2.72%	5.49%	5.62%
<i>FIF Benchmark<sup>5</sup></i>	4.59%	3.08%	2.64%	4.44%	5.17%
Inflation Protection Fund (IPF)	4.42%	2.23%	0.48%	3.24%	3.94%
<i>IPF Benchmark<sup>6</sup></i>	4.12%	4.25%	1.43%	4.25%	4.70%
Equity Social Values Plus Fund (ESVPF)	21.53%	8.73%	–	–	8.73%
<i>ESVPF Benchmark<sup>7</sup></i>	21.60%	9.00%	–	–	9.00%
U.S. Equity Index Fund (USEIF)	20.34%	10.52%	–	–	10.52%
<i>USEIF Benchmark<sup>8</sup></i>	21.13%	11.12%	–	–	11.12%
Extended Term Fixed Income Fund (ETFIF)	7.62%	–	–	–	4.28%
<i>ETFIF Benchmark<sup>9</sup></i>	10.71%	–	–	–	5.61%
Social Values Choice Bond Fund (SVCBF)	–	–	–	–	1.41%
<i>SVCBF Benchmark<sup>10</sup></i>	–	–	–	–	1.52%
U.S. Treasury Inflation Protection Fund (USTPF)	–	–	–	–	2.31%
<i>USTPF Benchmark<sup>11</sup></i>	–	–	–	–	2.33%
Stable Value Fund (SVF)	1.50%	2.37%	2.20%	2.80%	3.15%
<i>SVF Benchmark<sup>12</sup></i>	0.86%	1.81%	1.87%	2.52%	2.86%
Short Term Investment Fund (STIF) <sup>13</sup>	0.90%	0.47%	0.34%	0.47%	1.34%

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# Fund Benchmarks

1. The inception dates are as follows: Social Values Choice Bond Fund (SVCBF)—6/30/2017; U.S. Treasury Inflation Protection Fund (USTPF)—6/30/2017; Extended Term Fixed Income Fund (ETFIF)—5/29/2015; Equity Social Values Plus Fund (ESVPF)—12/31/2014, U.S. Equity Index Fund (USEIF)—12/31/2014; Stable Value Fund (SVF) —11/30/2002. Multiple Asset Fund (MAF)—4/30/2002, Short Term Investment Fund (STIF)—4/30/2002 and Inflation Protection Fund (IPF)—01/05/2004; for all others the inception date is 12/31/1997.
2. On January 1, 2017, the benchmark for MAF became 35% Russell 3000 Index, 30% MSCI All Country World Index (ACWI) ex-USA Investable Market Index (IMI), 25% Bloomberg Barclays U.S. Universal Index ex-Mortgage Backed Securities (MBS) and 10% IPF Custom Benchmark. The IPF Custom Benchmark consists of 80% Bloomberg Barclays World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. From January 1, 2016 to December 31, 2016, the benchmark for the MAF was 40% Russell 3000 Index, 25% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index ex-MBS, and 10% IPF Custom Benchmark. From January 1, 2014 to December 31, 2015, the benchmark for MAF was 40% Russell 3000 Index, 25% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index ex-MBS, and 10% Bloomberg Barclays U.S. Government Inflation Linked Bond Index. From January 1, 2006 to December 31, 2013, the benchmark for MAF was 45% Russell 3000 Index, 20% MSCI ACWI ex-USA IMI, 25% Bloomberg Barclays U.S. Universal Index MBS and 10% Bloomberg Barclays U.S. Government Inflation-Linked Bond Index. Prior to January 1, 2006, the benchmark for the MAF was 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index and 35% Lehman Brothers U.S. Universal Index.
3. The performance benchmark for U.S. Equity Fund is the Russell 3000 Index.
4. On January 1, 2008, the benchmark for the International Equity Fund became the MSCI ACWI ex-USA IMI. From January 1, 2006 through December 31, 2007, the benchmark was the MSCI ACWI ex-USA Index. Prior to January 1, 2006, the benchmark was the MSCI EAFE Index.
5. On January 1, 2006, the benchmark for the Fixed Income Fund became the Bloomberg Barclays U.S. Universal ex-MBS Index. Prior to January 1, 2006, the benchmark was the Bloomberg Barclays U.S. Universal Index.
6. On January 1, 2016, the benchmark for IPF became 80% Bloomberg Barclays World Government Inflation Linked Bond Index (Hedged), 10% Bloomberg Barclays Emerging Market Tradeable Inflation Linked Bond Index (Unhedged) and 10% Bloomberg Commodity Index. From January 1, 2006 to December 31, 2015, the benchmark was the Bloomberg Barclays U.S. Government Inflation Linked Bond (Series B) Index. From April 1, 2005 to December 31, 2005, the benchmark was 50% Bloomberg Barclays U.S. Government Inflation-Linked Bond Index and 50% Bloomberg Barclays Global Inflation-Linked Bond Index. Prior to April 1, 2005, the benchmark was the Bloomberg Barclays U.S. Government Inflation-Linked Bond Index.
7. On April 1, 2017, the benchmark for Equity Social Values Plus Fund (ESVPF) became the MSCI World Environmental Social and Governance (ESG) ex Fossil Fuels Index. Prior to April 1, 2017, the benchmark for ESVPF was the MSCI World ESG Special Weighted Index. The MSCI World ESG Special Weighted Index was comprised of 60% MSCI USA ESG Index and 40% MSCI World ESG (ex US) Index.
8. The performance benchmark for USEIF is the Russell 3000 Index.
9. The performance benchmark for ETFIF is the Bloomberg Barclays U.S. Long Government/Credit Bond Index.
10. The performance benchmark for SVCBF is the Bloomberg Barclays U.S. Universal Ex MBS Index.
11. The performance benchmark for USTPF is the Bloomberg Barclays U.S. Inflation Linked Bond Index.
12. On January 1, 2016, the benchmark for SVF became the Bank of America Merrill Lynch 3-Month Treasury Bill Index. Prior to this, the benchmark was the Bank of America Merrill Lynch Wrapped 1-5 Year Corporate Government Index. The BofA ML Wrapped 1-5 Year Corp. Govt Index is a custom index that started on December 1, 2002 to coincide with the inception of the Stable Value Fund. This index does not reflect actual performance; performance has been adjusted to represent the assumed rate of return that would have been achieved if the BofA ML 1-5 Year Corp. Govt Index had been wrapped for book value returns. This index has been established and calculated by Standish Mellon Asset Management, is not sponsored or licensed by BofA Merrill Lynch, and is not available for direct investment. The index assumes a 12 basis point annual book value wrap fee from inception to June 30, 2004; 10 basis points from then until December 31, 2008; 15 basis points from then until December 31, 2011; and 20 basis points thereafter. These wrap fee assumptions are Standish's view of the industry's average during these points in time. The Crediting Rate formula applied is:  $CR = (((1+YTM) * ((MV/BV)^{(1/D)})) - 1)$ , where CR is equal to the book value crediting reset rate, YTM is the market yield to maturity of the underlying asset(s), MV is the market value of the underlying asset(s), BV is the book value of the synthetic wrap contract and D is the duration of the underlying asset(s).
13. 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. The performance benchmark for STIF is the BofA Merrill Lynch 3-Month Treasury Bill Index.