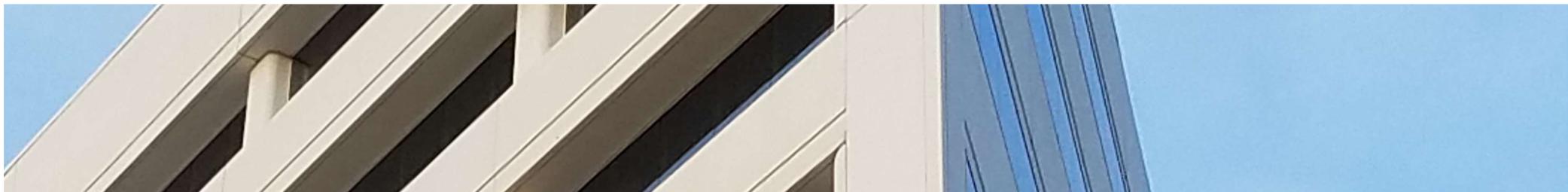




WILSHIRE

Wilshire Consulting



**NMI Settlement Fund**

NMI Monthly Flash

*June 30, 2021*

Wilshire

# MARKET COMMENTARY

*Quarter Ended June 30, 2021*

## **U.S. Economy and Markets**

- The U.S. stock market, represented by the Wilshire 5000 Total Market Index<sup>SM</sup>, was up 8.42% for the second quarter of 2021.
- Nearly all eleven sectors were in positive territory, with Energy (+12.8%) and Communication Services (+12.1%) representing the best performing sectors. The only sector with negative performance this quarter was Utilities (-0.4%), which represents a relatively small segment of the U.S. market, with a weight of 2.3%.
- From a size perspective, large-cap outperformed small-cap during the quarter. Style-based results were mixed as large-growth outperformed large-value while growth underperformed within the small-cap space.

## **International Economy and Markets**

- Equity markets outside of the U.S. also enjoyed a strong quarter, with developed markets leading emerging markets.
- Economic conditions are rapidly improving in the U.K., led by the services sector as retail and hospitality businesses are benefitting from an economy that has almost totally reopened. Unfortunately, after a surge in the delta variant of COVID-19 that was originally discovered in India, Prime Minister Boris Johnson delayed lifting the final restrictions, originally due to expire on June 21.
- Conditions in Germany, Europe's largest economy, are also improving as pandemic-related restrictions are being lifted.
- Both the U.K. and Germany are facing accelerating inflation but, like in the U.S., central bankers are remaining patient with accommodative short-term policy rates.
- China, the world's second largest economy, continues to achieve accelerating growth. However, the country's exporting business, a major economic driver, should face increased global competition as economies continue to reopen.

## **Fixed Income & Real Assets**

- The U.S. Treasury yield curve flattened during the quarter with yields beyond a 3-year maturity falling and shorter-term rates generally rising. The 10-year Treasury yield ended the quarter at 1.47%, down 27 basis points from March.
- Credit spreads tightened, with the spread on the broad high yield market closing the quarter at 2.68%.
- The FOMC recently opened the conversation on possible tapering of bond purchases and their median forecast for the future overnight rate moved from no change to a 0.5% increase – albeit in 2023. However, a week after the last meeting, Chair Jerome Powell indicated that the Fed would not raise rates “preemptively” on possible inflation fears.
- Real estate securities were up during the second quarter in both the U.S. and abroad. Gains by sector were generally broad based, with Retail REITs (+16%) and Residential REITs (+14%) leading the market.
- Commodity results were positive for the quarter as crude oil was up 24.2% to \$73.47 per barrel. Oil prices are now back above pre-COVID levels, up +20% (cumulative) since year-end 2019. Natural gas prices were up 40.0% during the second quarter, ending at \$3.65 per million BTUs, the highest level since January 2019.
- Midstream energy surged for the third consecutive quarter while the broader infrastructure segment was also positive.
- Gold prices rebounded 3.4% and finished at approximately \$1,772 per troy ounce.

# Monthly Index Performance

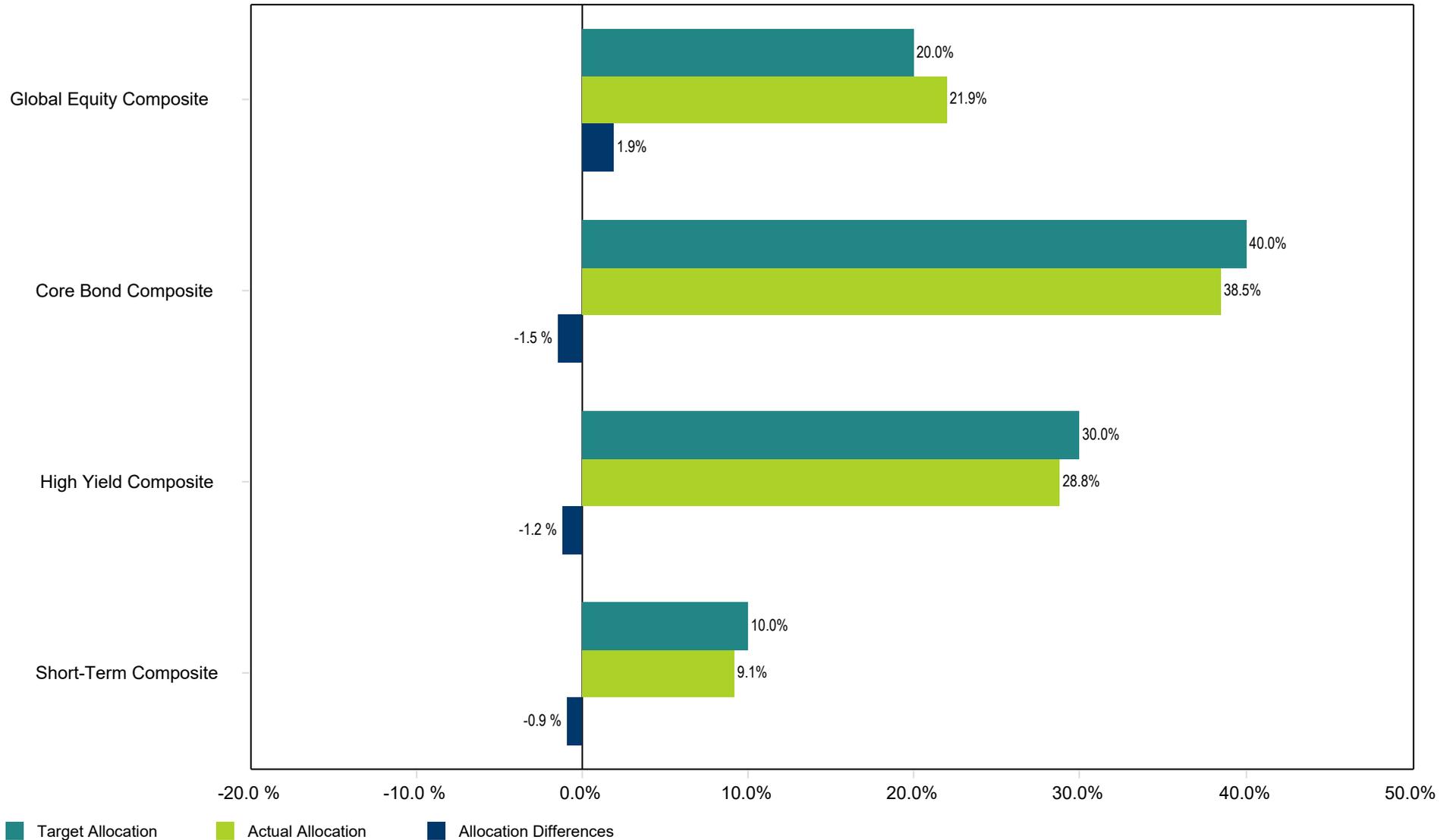
Periods Ended June 30, 2021

	Performance (%)					
	1 Month	QTD	YTD	1 Year	3 Years	5 Years
<b>U.S. Equity</b>						
Wilshire 5000 Total Market TR Index	2.51	8.42	15.45	44.24	18.89	17.96
S&P 500	2.33	8.55	15.25	40.79	18.67	17.65
Wilshire 4500 Completion Index	2.68	6.83	16.11	63.07	18.81	18.99
MSCI USA Minimum Volatility Index	1.83	6.84	9.31	23.63	13.86	12.13
<b>U.S. Equity by Size/Style</b>						
Wilshire U.S. Large-Cap Index	2.64	8.79	15.10	42.73	19.31	18.39
Wilshire U.S. Large-Cap Growth Index	5.35	11.87	14.06	46.35	23.68	22.73
Wilshire U.S. Large-Cap Value Index	-0.59	5.12	15.43	37.68	14.39	13.14
Wilshire U.S. Small-Cap Index	1.09	4.75	18.92	62.03	13.71	15.74
Wilshire U.S. Small-Cap Growth Index	1.92	3.16	12.44	56.18	15.03	18.63
Wilshire U.S. Small-Cap Value Index	0.32	6.23	25.57	67.73	10.86	12.36
Wilshire U.S. Micro-Cap Index	2.26	4.62	33.09	81.91	13.82	16.92
<b>Non-U.S. Equity (USD)</b>						
MSCI AC World ex USA (Net)	-0.65	5.48	9.16	35.72	9.38	11.08
MSCI ACWI ex USA Minimum Volatility Index (Net)	0.24	5.30	5.90	18.55	6.10	6.60
MSCI EAFE Index (Net)	-1.13	5.17	8.83	32.35	8.27	10.28
MSCI Emerging Markets (Net)	0.17	5.05	7.45	40.90	11.27	13.03
MSCI AC World ex USA Small Cap (Net)	-0.62	6.35	12.24	47.04	9.78	11.97
<b>U.S. Fixed Income</b>						
Blmbg. Barc. U.S. Aggregate	0.70	1.83	-1.61	-0.34	5.34	3.03
Blmbg. Barc. U.S. Treasury: Long	3.57	6.46	-7.92	-10.58	7.99	3.13
Blmbg. Barc. U.S. Long Corporate Index	3.70	6.64	-2.43	4.54	11.07	6.88
Blmbg. Barc. U.S. TIPS	0.61	3.25	1.73	6.51	6.53	4.17
Blmbg. Barc. U.S. Credit Index	1.50	3.32	-1.28	2.99	7.42	4.63
Blmbg. Barc. U.S. Corp: High Yield	1.34	2.74	3.62	15.37	7.45	7.48
S&P LSTA Leverage Loan Index	0.37	1.44	3.22	11.59	4.38	4.98

# Asset Allocation Compliance

Total Fund

Periods Ended As of June 30, 2021



# Asset Allocation & Performance

NMI Settlement Fund  
 Periods Ended June 30, 2021

	Allocation		Performance (%) net of fees								
	Market Value \$	%	Since Inception	5 Years	3 Years	1 Year	YTD	FYTD	QTD	1 Month	Inception Date
<b>Total Fund</b>	<b>129,233,312</b>	<b>100.00</b>	<b>4.77</b>	<b>6.26</b>	<b>7.42</b>	<b>11.53</b>	<b>3.33</b>	<b>8.73</b>	<b>3.13</b>	<b>0.83</b>	<b>10/1/2013</b>
Total Fund Policy			4.93	5.81	7.91	9.05	2.75	7.03	2.99	0.88	
Value Added			-0.16	0.45	-0.49	2.48	0.58	1.70	0.14	-0.05	
<b>Vanguard Total World Stock</b>	<b>28,357,767</b>	<b>21.94</b>	<b>14.65</b>		<b>14.65</b>	<b>40.56</b>	<b>12.61</b>	<b>30.12</b>	<b>7.10</b>	<b>1.20</b>	<b>7/1/2018</b>
FTSE Global All Cap Net Tax (US RIC) Idx			14.65		14.65	40.91	12.65	30.34	7.19	1.20	
Value Added			0.00		0.00	-0.35	-0.04	-0.22	-0.09	0.00	
<b>Global Equity Composite</b>	<b>28,357,767</b>	<b>21.94</b>	<b>10.82</b>	<b>14.80</b>	<b>14.65</b>	<b>40.56</b>	<b>12.61</b>	<b>30.12</b>	<b>7.10</b>	<b>1.20</b>	<b>10/1/2013</b>
Global Equity Policy			10.64	14.66	14.65	40.91	12.65	30.34	7.19	1.20	
Value Added			0.18	0.14	0.00	-0.35	-0.04	-0.22	-0.09	0.00	
<b>PGIM High Yield</b>	<b>37,229,756</b>	<b>28.81</b>	<b>3.69</b>						<b>2.89</b>	<b>1.00</b>	<b>2/1/2021</b>
Blmbg Barc U.S. High Yield 1% Issuer Cap			3.22						2.67	1.27	
Value Added			0.47						0.22	-0.27	
<b>Dodge &amp; Cox Income Fund</b>	<b>49,787,262</b>	<b>38.53</b>	<b>4.09</b>	<b>4.54</b>	<b>6.41</b>	<b>3.37</b>	<b>-0.60</b>	<b>1.87</b>	<b>1.98</b>	<b>0.77</b>	<b>11/1/2014</b>
Blmbg. Barc. U.S. Aggregate			3.27	3.03	5.34	-0.34	-1.61	-0.95	1.83	0.70	
Value Added			0.82	1.51	1.07	3.71	1.01	2.82	0.15	0.07	
<b>Vanguard Short-Term Bond</b>	<b>11,804,591</b>	<b>9.13</b>	<b>3.64</b>		<b>3.64</b>	<b>0.32</b>	<b>-0.30</b>	<b>-0.01</b>	<b>0.30</b>	<b>-0.18</b>	<b>7/1/2018</b>
Blmbg. Barc. 1-5 Year Gov/Credit			3.70		3.70	0.40	-0.30	0.03	0.27	-0.22	
Value Added			-0.06		-0.06	-0.08	0.00	-0.04	0.03	0.04	

# Asset Allocation & Performance

NMI Settlement Fund  
 Periods Ended June 30, 2021

	Allocation		Performance (%) net of fees								
	Market Value \$	%	Since Inception	5 Years	3 Years	1 Year	YTD	FYTD	QTD	1 Month	Inception Date
<b>Fixed Income Composite</b>	<b>98,821,763</b>	<b>76.47</b>	<b>3.94</b>	<b>4.82</b>	<b>5.64</b>	<b>6.52</b>	<b>1.07</b>	<b>4.47</b>	<b>2.12</b>	<b>0.74</b>	<b>10/1/2013</b>
Fixed Income Policy			3.94	4.17	5.93	3.61	0.38	2.21	1.95	0.80	
Value Added			0.00	0.65	-0.29	2.91	0.69	2.26	0.17	-0.06	
<b>Mutual Fund Cash</b>	<b>2,053,782</b>	<b>1.59</b>	<b>0.70</b>	<b>1.10</b>	<b>1.33</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>10/1/2013</b>

# Cash Flow Summary

Total Fund

One Month Ending June 30, 2021

	Begin Value	Net Cash Flow	Expenses	Capital Apprec./ Deprec.	End Value
<b>Total Fund</b>	<b>128,173,568</b>		<b>-5,916</b>	<b>1,065,661</b>	<b>129,233,312</b>
<b>Global Equity Composite</b>	<b>28,020,987</b>			<b>336,780</b>	<b>28,357,767</b>
Vanguard Total World Stock	28,020,987			336,780	28,357,767
<b>Fixed Income Composite</b>	<b>98,092,899</b>			<b>728,864</b>	<b>98,821,763</b>
Vanguard Short-Term Bond	11,826,085			-21,494	11,804,591
Hotchkis & Wiley High Yield Fund					
PGIM High Yield	36,860,560			369,196	37,229,756
Dodge & Cox Income Fund	49,406,102			381,160	49,787,262
Mutual Fund Cash	2,059,682		-5,916	17	2,053,782