



# WILSHIRE

Wilshire Consulting



## NMI Settlement Fund

NMI Monthly Flash

*August 31, 2021*

Wilshire

# MARKET COMMENTARY

*Month Ended August 31, 2021*

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

- Domestic equity markets were positive in August, as the FT Wilshire 5000 Total Market Index<sup>SM</sup> and the S&P 500 Index returned 2.95% and 3.04%, respectively.
- The CBOE Volatility Index (VIX) ended August at 16.48, a decrease from its July close of 18.24, and has been trending downward during the past twelve months.
- Performance across GICS sectors was mostly positive for the month, with the Financials and Communication sectors leading the group, gaining 5.05% and 4.64%, respectively. The Energy sector suffered the only loss, falling -1.51%.
- Small cap stocks underperformed their large cap counterparts in August, with the Wilshire U.S. Small Cap Index<sup>SM</sup> and the Wilshire U.S. Large Cap Index<sup>SM</sup> returning 2.37% and 2.99%, respectively.
- Value-oriented equities underperformed their growth-oriented counterparts in the large capitalization segment of the market, but outperformed among small capitalization stocks.

## **International Economy and Markets**

- Developed international equity markets, as measured by the MSCI EAFE Index, returned 1.76% this month.
- The MSCI Emerging Markets Index gained 2.62% in August.

## **Fixed Income & Real Assets**

- The 10-year U.S. Treasury yield ended the month at 1.31%, an increase from its July close of 1.22%.
- The Bloomberg U.S. Aggregate Index posted a loss of -0.19% in August.
- Below investment-grade bonds were the best performing segment within U.S. fixed income, with the Bloomberg U.S. High Yield Index returning 0.51%. Long term investment-grade bonds were the worst performing segment, with the Bloomberg Long Term Corporate Index returning -0.48%.
- Listed U.S. real estate posted positive returns in August, with the Wilshire U.S. Real Estate Securities Index<sup>SM</sup> returning 1.90%. Listed global infrastructure was up as well, with the S&P Global Infrastructure Index gaining 1.81%.
- Commodities, as measured by the Bloomberg Commodity Index, fell -0.30% in August.

# Monthly Index Performance

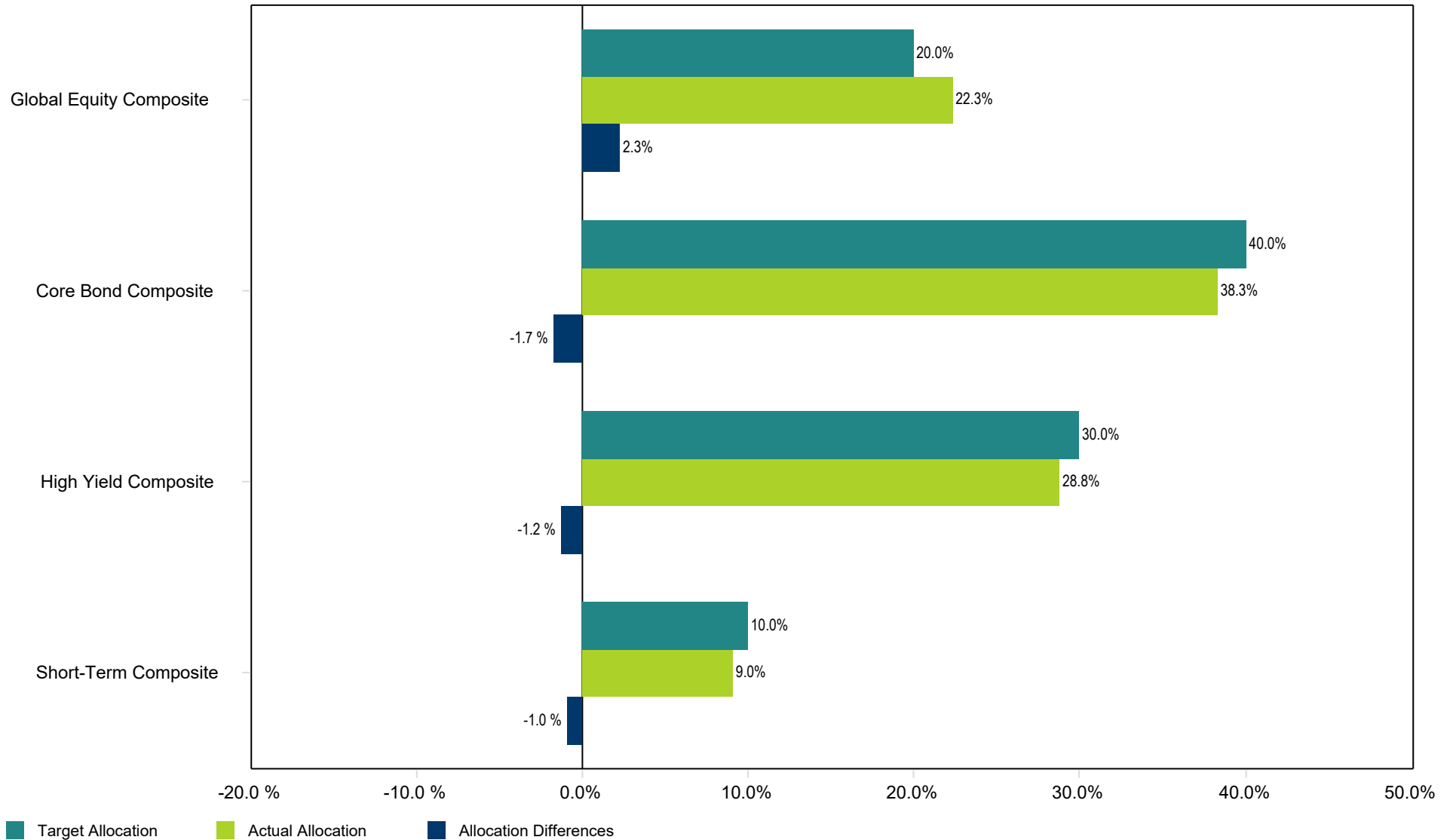
Periods Ended August 31, 2021

	Performance (%)					
	1 Month	QTD	YTD	1 Year	3 Years	5 Years
<b>U.S. Equity</b>						
Wilshire 5000 Total Market TR Index	2.95	4.79	20.98	33.31	18.03	18.10
S&P 500	3.04	5.49	21.58	31.17	18.07	18.02
Wilshire 4500 Completion Index	2.45	1.79	18.18	47.10	17.21	17.97
MSCI USA Minimum Volatility Index	1.95	5.51	15.33	21.33	13.49	13.45
<b>U.S. Equity by Size/Style</b>						
Wilshire U.S. Large-Cap Index	2.99	5.29	21.18	32.00	18.73	18.71
Wilshire U.S. Large-Cap Growth Index	3.78	6.90	21.93	31.76	23.22	23.02
Wilshire U.S. Large-Cap Value Index	1.96	3.23	19.16	31.61	13.59	13.35
Wilshire U.S. Small-Cap Index	2.37	-0.27	18.60	49.59	11.35	14.14
Wilshire U.S. Small-Cap Growth Index	1.54	-0.46	11.92	40.94	13.43	16.65
Wilshire U.S. Small-Cap Value Index	3.17	-0.09	25.46	58.68	9.19	11.11
Wilshire U.S. Micro-Cap Index	3.90	-3.04	29.04	70.68	9.78	14.55
<b>Non-U.S. Equity (USD)</b>						
MSCI AC World ex USA (Net)	1.90	0.22	9.40	24.87	9.37	9.92
MSCI ACWI ex USA Minimum Volatility Index (Net)	2.59	3.39	9.49	16.77	6.46	7.14
MSCI EAFE Index (Net)	1.76	2.53	11.58	26.12	9.00	9.72
MSCI Emerging Markets (Net)	2.62	-4.29	2.84	21.12	9.87	10.40
MSCI AC World ex USA Small Cap (Net)	2.31	3.13	15.75	35.51	11.02	11.50
<b>U.S. Fixed Income</b>						
Blmbg. U.S. Aggregate	-0.19	0.93	-0.70	-0.09	5.43	3.11
Blmbg. U.S. Treasury: Long	-0.21	3.43	-4.76	-7.27	9.18	3.57
Blmbg. U.S. Long Corporate Index	-0.48	1.81	-0.67	3.95	11.03	6.52
Blmbg. U.S. TIPS	-0.18	2.48	4.26	5.56	7.33	4.60
Blmbg. U.S. Credit Index	-0.24	1.06	-0.23	2.26	7.36	4.54
Blmbg. U.S. Corp: High Yield	0.51	0.90	4.55	10.14	7.11	6.66
S&P LSTA Leverage Loan Index	0.03	0.00	3.23	7.84	3.98	4.52

# Asset Allocation Compliance

Total Fund

Periods Ended As of August 31, 2021



# Asset Allocation & Performance

NMI Settlement Fund

Periods Ended August 31, 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>130,837,763</b>	<b>100.00</b>	<b>4.83</b>	<b>5.96</b>	<b>7.46</b>	<b>9.46</b>	<b>4.63</b>	<b>10.09</b>	<b>1.25</b>	<b>0.64</b>	<b>10/1/2013</b>
Total Fund Policy			4.99	5.74	7.93	7.56	4.05	8.38	1.27	0.56	
Value Added			-0.16	0.22	-0.47	1.90	0.58	1.71	-0.02	0.08	
<b>Vanguard Total World Stock</b>	<b>29,186,769</b>	<b>22.31</b>	<b>14.87</b>		<b>14.33</b>	<b>29.93</b>	<b>15.90</b>	<b>33.92</b>	<b>2.92</b>	<b>2.37</b>	<b>7/1/2018</b>
FTSE Global All Cap Net Tax (US RIC) Idx			14.90		14.37	30.09	16.06	34.28	3.02	2.47	
Value Added			-0.03		-0.04	-0.16	-0.16	-0.36	-0.10	-0.10	
<b>Global Equity Composite</b>	<b>29,186,769</b>	<b>22.31</b>	<b>10.98</b>	<b>14.41</b>	<b>14.33</b>	<b>29.93</b>	<b>15.90</b>	<b>33.92</b>	<b>2.92</b>	<b>2.37</b>	<b>10/1/2013</b>
Global Equity Policy			10.82	14.30	14.37	30.09	16.06	34.28	3.02	2.47	
Value Added			0.16	0.11	-0.04	-0.16	-0.16	-0.36	-0.10	-0.10	
<b>PGIM High Yield</b>	<b>37,636,447</b>	<b>28.77</b>	<b>4.83</b>						<b>1.09</b>	<b>0.63</b>	<b>2/1/2021</b>
Blmbg Barc U.S. High Yield 1% Issuer Cap			4.12						0.87	0.51	
Value Added			0.71						0.22	0.12	
<b>Dodge &amp; Cox Income Fund</b>	<b>50,134,696</b>	<b>38.32</b>	<b>4.10</b>	<b>4.34</b>	<b>6.40</b>	<b>2.26</b>	<b>0.10</b>	<b>2.58</b>	<b>0.70</b>	<b>-0.14</b>	<b>11/1/2014</b>
Blmbg. U.S. Aggregate			3.32	3.11	5.43	-0.09	-0.70	-0.03	0.93	-0.19	
Value Added			0.78	1.23	0.97	2.35	0.80	2.61	-0.23	0.05	
<b>Vanguard Short-Term Bond</b>	<b>11,837,850</b>	<b>9.05</b>	<b>3.54</b>		<b>3.59</b>	<b>0.31</b>	<b>-0.02</b>	<b>0.27</b>	<b>0.28</b>	<b>-0.09</b>	<b>7/1/2018</b>
Blmbg. 1-5 Year Gov/Credit			3.60		3.64	0.33	0.01	0.34	0.31	-0.07	
Value Added			-0.06		-0.05	-0.02	-0.03	-0.07	-0.03	-0.02	

# Asset Allocation & Performance

NMI Settlement Fund

Periods Ended August 31, 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>99,609,148</b>	<b>76.13</b>	<b>3.96</b>	<b>4.46</b>	<b>5.58</b>	<b>4.92</b>	<b>1.87</b>	<b>5.30</b>	<b>0.80</b>	<b>0.16</b>	<b>10/1/2013</b>
Fixed Income Policy			3.97	4.08	5.85	2.72	1.21	3.05	0.83	0.09	
Value Added			-0.01	0.38	-0.27	2.20	0.66	2.25	-0.03	0.07	
<b>Mutual Fund Cash</b>	<b>2,041,846</b>	<b>1.56</b>	<b>0.68</b>	<b>1.10</b>	<b>1.23</b>	<b>0.02</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 August 31, 2021

	Begin Value	Net Cash Flow	Expenses	Capital Apprec./ Deprec.	End Value
<b>Total Fund</b>	<b>130,014,410</b>		<b>-5,993</b>	<b>829,346</b>	<b>130,837,763</b>
<b>Global Equity Composite</b>	<b>28,512,031</b>			<b>674,738</b>	<b>29,186,769</b>
Vanguard Total World Stock	28,512,031			674,738	29,186,769
<b>Fixed Income Composite</b>	<b>99,454,557</b>			<b>154,591</b>	<b>99,609,148</b>
Vanguard Short-Term Bond	11,849,005			-11,155	11,837,850
Hotchkis & Wiley High Yield Fund					
PGIM High Yield	37,401,215			235,232	37,636,447
Dodge & Cox Income Fund	50,204,183			-69,487	50,134,696
Mutual Fund Cash	2,047,822		-5,993	17	2,041,846

# Historical Hybrid Composition

Total Fund Composite

Periods Ended August 31, 2021

Policy Index	Weight (%)	Policy Index	Weight (%)
<b>Feb-2021</b>		<b>Sep-2020</b>	
Blmbg. U.S. Aggregate	40.00	Blmbg. U.S. Aggregate	46.55
Blmbg U.S. High Yield 1% Issuer Cap Index	30.00	ICE BofAML High Yield BB-B Constrained Index	20.10
Blmbg. 1-5 Year Gov/Credit	10.00	Blmbg. 1-5 Year Gov/Credit	17.67
FTSE Global All Cap Net Tax (US RIC) Index	20.00	FTSE Global All Cap Net Tax (US RIC) Index	15.68
<b>Jan-2021</b>		<b>Dec-2019</b>	
Blmbg. U.S. Aggregate	40.65	Blmbg. U.S. Aggregate	50.00
ICE BofAML High Yield BB-B Constrained Index	29.26	ICE BofAML High Yield BB-B Constrained Index	20.00
Blmbg. 1-5 Year Gov/Credit	9.65	Blmbg. 1-5 Year Gov/Credit	20.00
FTSE Global All Cap Net Tax (US RIC) Index	20.44	FTSE Global All Cap Net Tax (US RIC) Index	10.00
<b>Dec-2020</b>		<b>Oct-2019</b>	
Blmbg. U.S. Aggregate	45.31	Blmbg. U.S. Aggregate	40.00
ICE BofAML High Yield BB-B Constrained Index	20.64	ICE BofAML High Yield BB-B Constrained Index	20.00
Blmbg. 1-5 Year Gov/Credit	16.83	Blmbg. 1-5 Year Gov/Credit	15.00
FTSE Global All Cap Net Tax (US RIC) Index	17.22	FTSE Global All Cap Net Tax (US RIC) Index	25.00
<b>Nov-2020</b>		<b>Jul-2018</b>	
Blmbg. U.S. Aggregate	45.85	Blmbg. U.S. Aggregate	50.00
ICE BofAML High Yield BB-B Constrained Index	20.37	ICE BofAML High Yield BB-B Constrained Index	32.00
Blmbg. 1-5 Year Gov/Credit	17.10	Blmbg. 1-5 Year Gov/Credit	12.00
FTSE Global All Cap Net Tax (US RIC) Index	16.68	FTSE Global All Cap Net Tax (US RIC) Index	6.00
<b>Oct-2020</b>		<b>Jan-2018</b>	
Blmbg. U.S. Aggregate	46.73	Blmbg. U.S. Aggregate	50.00
ICE BofAML High Yield BB-B Constrained Index	20.12	ICE BofAML High Yield BB-B Constrained Index	32.00
Blmbg. 1-5 Year Gov/Credit	17.74	MSCI AC World Index (Net)	6.00
FTSE Global All Cap Net Tax (US RIC) Index	15.41	Blmbg. Intermed. U.S. Government/Credit	12.00
		<b>Oct-2016</b>	
		TF Policy custom2	100.00



# Historical Hybrid Composition

Total Fund Composite

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>
<b>Jan-2015</b>	
MSCI AC World Index (Net)	10.00
ICE BofAML High Yield BB-B Constrained Index	20.00
Blmbg. U.S. Aggregate	50.00
Blmbg. Intermed. U.S. Government/Credit	20.00
<b>Apr-2014</b>	
MSCI AC World Index (Net)	15.00
ICE BofAML High Yield BB-B Constrained Index	20.00
Blmbg. U.S. Aggregate	45.00
Blmbg. Intermed. U.S. Government/Credit	20.00
<b>Oct-2013</b>	
TF Policy custom1	100.00

# Historical Hybrid Composition

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>	<b>Policy Index</b>	<b>Weight (%)</b>
<b>Global Equity Policy : Jul-2018</b>		<b>Fixed Income Policy : Feb-2021</b>	
FTSE Global All Cap Net Tax (US RIC) Index	100.00	Blmbg. 1-5 Year Gov/Credit	12.50
<b>Global Equity Policy : Oct-2013</b>		Blmbg U.S. High Yield 1% Issuer Cap Index	37.50
MSCI AC World Index (Net)	100.00	Blmbg. U.S. Aggregate	50.00
		<b>Fixed Income Policy : Jan-2021</b>	
		Blmbg. 1-5 Year Gov/Credit	12.13
		ICE BofAML High Yield BB-B Constrained Index	36.78
		Blmbg. U.S. Aggregate	51.09
		<b>Fixed Income Policy : Dec-2020</b>	
		Blmbg. 1-5 Year Gov/Credit	20.33
		ICE BofAML High Yield BB-B Constrained Index	24.93
		Blmbg. U.S. Aggregate	54.74
		<b>Fixed Income Policy : Nov-2020</b>	
		Blmbg. 1-5 Year Gov/Credit	20.52
		ICE BofAML High Yield BB-B Constrained Index	24.45
		Blmbg. U.S. Aggregate	55.03
		<b>Fixed Income Policy : Oct-2020</b>	
		Blmbg. 1-5 Year Gov/Credit	20.98
		ICE BofAML High Yield BB-B Constrained Index	23.78
		Blmbg. U.S. Aggregate	55.24
		<b>Fixed Income Policy : Sep-2020</b>	
		Blmbg. 1-5 Year Gov/Credit	20.96
		ICE BofAML High Yield BB-B Constrained Index	23.84
		Blmbg. U.S. Aggregate	55.20

# Historical Hybrid Composition

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>	<b>Policy Index</b>	<b>Weight (%)</b>
<b>Fixed Income Policy : Dec-2019</b>		<b>Fixed Income Policy : Oct-2019</b>	
Blmbg. 1-5 Year Gov/Credit	22.22	Blmbg. 1-5 Year Gov/Credit	20.00
ICE BofAML High Yield BB-B Constrained Index	22.22	ICE BofAML High Yield BB-B Constrained Index	26.67
Blmbg. U.S. Aggregate	55.56	Blmbg. U.S. Aggregate	53.33

# Historical Hybrid Composition

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>	<b>Policy Index</b>	<b>Weight (%)</b>
<b>Fixed Income Policy : Jul-2018</b>		<b>Fixed Income Policy : Jan-2018</b>	
Blmbg. 1-5 Year Gov/Credit	12.77	Blmbg. Intermed. U.S. Government/Credit	12.77
ICE BofAML High Yield BB-B Constrained Index	34.04	ICE BofAML High Yield BB-B Constrained Index	34.04
Blmbg. U.S. Aggregate	53.19	Blmbg. U.S. Aggregate	53.19

# Historical Hybrid Composition

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>	<b>Policy Index</b>	<b>Weight (%)</b>
<b>Fixed Income Policy : Oct-2016</b>		<b>Fixed Income Policy : Jan-2015</b>	
Fixed Income Policy custom2	100.00	ICE BofAML High Yield BB-B Constrained Index	22.20
		Blmbg. Intermed. U.S. Government/Credit	22.20
		Blmbg. U.S. Aggregate	55.60

# Historical Hybrid Composition

*Periods Ended August 31, 2021*

<b>Policy Index</b>	<b>Weight (%)</b>	<b>Policy Index</b>	<b>Weight (%)</b>
<b>Fixed Income Policy : Apr-2014</b>		<b>Fixed Income Policy : Oct-2013</b>	
ICE BofAML High Yield BB-B Constrained Index	23.55	Fixed Income Policy custom1	100.00
Blmbg. Intermed. U.S. Government/Credit	23.55		
Blmbg. U.S. Aggregate	52.90		