

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

April 2019

MARKETS AND THE ECONOMY

Optimism regarding trade talks between the U.S. and China, and a dovish Federal Reserve were the two elements buoying stocks as the S&P 500 Index rose 1.9 percent in March; it has advanced 13.6 percent since the beginning of the year. The Fed held its benchmark interest rate steady between 2.25 and 2.5 percent. In addition, the Fed signaled it is unlikely to raise interest rates at all in 2019, and decided to taper the pace of reducing the size of its balance sheet. Real GDP grew at a 2.2 percent annual rate in the fourth quarter, a downward revision from the prior estimate of 2.6 percent; this was a result of lower consumer spending and government purchases. Real GDP grew 0.3 percent in 2018, boosted by the pivot to lower tax rates and less regulation. Personal income rose 0.2 percent in February, up 4.2 percent in the past year. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, rose 2.1 percent in March, up 3.3 percent year to date.

The European Central Bank left interest rates unchanged and indicated they would remain at these levels through December. It had previously stated rates would remain at these levels through the end of the summer. The ECB also unveiled additional programs to further stimulate bank lending in the eurozone in an effort to offer fresh support to its struggling economy. The Bank of England left interest rates unchanged, citing persistent concerns over Great Britain's exit from the European Union, muted inflationary pressures, and a softening global economy and trade growth. The manufacturing sector in China recorded a broad-based expansion in March. Japan's manufacturing sector remains in a contractionary phase. The Bank of Mexico left its overnight interest rate unchanged at 8.25 percent. Brazil's central bank held its benchmark interest rate steady at 6.5 percent. International equities, as measured by the MSCI EAFE Index, rose 0.6 percent in March, up 10 percent during the first quarter.

USE AUTHORIZATION FORM TO IDENTIFY CURRENT CLIENT REPRESENTATIVES

Brethren Foundation Funds requires all clients to complete an Authorization Form to identify individuals who are authorized to execute transactions and/or receive BFFI statements or other information. A new Authorization Form should be submitted to BFFI every time a client wishes to change the list of authorized individuals.

Additional documentation is required —

BFFI requires an officer of the congregation or organization to sign the Authorization Form to affirm that the people listed are indeed permitted to have the type of access indicated on the form. BFFI also requires the congregation or organization to provide documentation, such as a corporate resolution or minutes of an official meeting, confirming that the person who signs the Authorization Form on behalf of the congregation or organization is authorized to do so.

Keeping this list current will minimize delays with transactions while paperwork is updated and reduce the possibility of unauthorized access. Although there is no known instance of unauthorized individuals attempting to gain access to a BFFI client's assets, this extra precaution reduces the possibility that such an event will occur. BFFI hopes that clients are comforted by this extra layer of security.

BFFI staff is currently working with clients to ensure that this documentation is accurate and up to date. Please contact Steve Lipinski (slipinski@cobbt.org or 847-622-3377) or Sherri Crowe (scrowe@cobbt.org or 847-622-3382) for assistance. A blank Authorization Form is available at cobbt.org/asset-management-forms.

Please contact Steve Mason, director of Brethren Foundation, with questions or comments.



A new Authorization Form should be submitted to BFFI every time a client wishes to change the list of authorized individuals.



Fund Performance Report

for the period ending March 31, 2019



All periods longer than one year are annualized.

Funds (Net of Investment Fees) Benchmarks (Gross)	Current Month	Three Months	Year-to-Date	Three Years	Five Years	Ten Years
SHORT-TERM						
Short-Term Fund	0.2%	0.6%	0.6%	1.1%	0.8%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index¹</i>	0.2%	0.7%	0.7%	1.3%	0.9%	0.6%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund²	0.2%	0.5%	0.5%	1.7%	1.7%	2.0%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	2.2%	3.5%	3.5%	2.4%	2.9%	4.9%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	2.1%	3.3%	3.3%	2.1%	2.8%	3.9%
Bond Fund	2.5%	4.1%	4.1%	2.7%	3.1%	5.1%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	2.1%	3.3%	3.3%	2.1%	2.8%	3.9%
Treasury Inflation-Protected Securities Fund³	1.6%	3.2%	3.2%	2.5%	2.2%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	1.8%	3.2%	3.2%	1.7%	1.9%	—
Bank Loans Fund³	(0.3)%	3.3%	3.3%	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	(0.5)%	5.1%	5.1%	—	—	—
High Yield Bond Fund³	0.6%	6.8%	6.8%	7.5%	4.2%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	0.9%	7.3%	7.3%	8.6%	4.7%	—
Global Aggregate Fixed Income Fund^{3,4}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	0.4%	12.2%	12.2%	10.5%	3.6%	10.6%
<i>S&P 500 Index</i>	1.9%	13.6%	13.6%	13.5%	10.9%	15.9%
Domestic Stock Large Cap Core Index Fund⁵	2.1%	13.1%	13.1%	13.2%	—	—
<i>S&P 500 Index</i>	1.9%	13.6%	13.6%	13.5%	—	—
Domestic Stock Mid Cap Fund	0.8%	20.3%	20.3%	4.5%	3.4%	—
<i>Russell Midcap Index</i>	0.9%	16.5%	16.5%	11.8%	8.8%	—
Domestic Stock Growth Fund	1.9%	14.2%	14.2%	12.5%	10.0%	—
<i>Russell 1000 Growth Index</i>	2.8%	16.1%	16.1%	16.5%	13.5%	—
Domestic Stock Fund	1.3%	15.7%	15.7%	9.7%	6.2%	13.4%
<i>S&P 500 Index</i>	1.9%	13.6%	13.6%	13.5%	10.9%	15.9%
Small Cap Fund	2.0%	21.0%	21.0%	22.6%	16.2%	20.3%
<i>Russell 2000 Index</i>	(2.1)%	14.6%	14.6%	12.9%	7.1%	15.4%
INTERNATIONAL EQUITY						
International Stock Core Fund	1.3%	10.7%	10.7%	7.4%	2.4%	8.8%
<i>MSCI EAFE Index</i>	0.6%	10.0%	10.0%	7.3%	2.3%	9.0%
Emerging Markets Stock Fund³	(1.2)%	6.7%	6.7%	11.1%	3.5%	—
<i>MSCI Emerging Markets Index</i>	0.8%	9.9%	9.9%	10.7%	3.7%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund³	0.1%	8.4%	8.4%	2.0%	(9.6)%	—
<i>Bloomberg Commodity Total Return Index</i>	(0.2)%	6.3%	6.3%	2.2%	(8.9)%	—
Public Real Estate Fund³	3.6%	15.0%	15.0%	4.6%	5.3%	—
<i>S&P Developed Property Index</i>	3.6%	14.4%	14.4%	6.7%	7.5%	—
Multi-Strategy Hedge Fund^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund³	0.1%	5.5%	5.5%	6.8%	—	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	1.4%	3.1%	3.1%	3.6%	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	1.8%	11.1%	11.1%	7.1%	5.2%	10.3%
<i>Blended Balanced Index⁶</i>	2.0%	9.4%	9.4%	9.0%	7.8%	11.2%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund^{3,4}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund³	1.7%	6.8%	6.8%	5.7%	—	—
<i>Blended Income Index</i>	1.8%	6.4%	6.4%	5.2%	—	—
BVI Income Fund	2.1%	7.1%	7.1%	—	—	—
<i>Blended SRI Income Index</i>	1.8%	6.8%	6.8%	—	—	—
Income & Growth Fund³	1.3%	8.2%	8.2%	7.8%	4.4%	—
<i>Blended Income & Growth Index</i>	1.6%	8.1%	8.1%	7.1%	5.1%	—
BVI Income & Growth Fund	1.9%	9.0%	9.0%	7.0%	—	—
<i>Blended SRI Income & Growth Index</i>	1.6%	8.1%	8.1%	6.9%	—	—
Growth Fund³	1.1%	9.1%	9.1%	8.7%	4.6%	—
<i>Blended Growth Index</i>	1.5%	9.0%	9.0%	7.9%	5.5%	—
BVI Growth Fund	1.8%	10.5%	10.5%	8.3%	—	—
<i>Blended SRI Growth Index</i>	1.5%	9.5%	9.5%	8.2%	—	—
Aggressive Growth Fund³	0.9%	9.7%	9.7%	9.4%	4.5%	—
<i>Blended Aggressive Growth Index</i>	1.4%	9.5%	9.5%	8.6%	5.8%	—
BVI Aggressive Growth Fund	1.5%	12.0%	12.0%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	1.4%	10.8%	10.8%	—	—	—
U.S. INFLATION						
Consumer Price Index (February 2019)⁷	0.4%	0.3%	0.3%	2.2%	1.5%	1.8%

¹Changed May 1, 2009. 10-year blended with 90-day Treasury Bill. ²CDIF interest accrues on a daily basis. ³These investment funds may not meet Brethren Values Investing guidelines because they are invested in mutual funds. All other investment funds must meet Brethren Values Investing guidelines. ⁴No assets invested in this fund. ⁵Expected to match benchmark gross of fees. Typically, will not match benchmark net of fees and due to required cash position. ⁶Weighted average of the S&P 500 Index (60 percent) and the Bloomberg Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁷Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted.

Performance Report