



The Public Real Estate Fund is offered as a diversifier that is intended to reduce the volatility of an investment portfolio.

## MARKETS AND THE ECONOMY

Investors' paring of technology stocks helped pull the S&P 500 Index down 2.5 percent in March; it is down 0.8 percent since Jan. 1. In his first meeting as Chair of the Federal Reserve, Jerome Powell directed a hike of 25 basis points in the federal funds rate, bringing it to a range of 1.5 percent – 1.75 percent. The Fed indicated it expects to raise the federal funds rate another two or three times this year. The final report on fourth quarter GDP came in stronger than expected; it was revised up to a 2.9 percent growth rate from last month's estimate of 2.5 percent, which was due to upward revisions to consumer spending and inventories. Sales of existing homes rose 3 percent in February, up 1.1 percent versus a year ago. However, buyers continue to grapple with a lack of options; inventories are down 8.1 percent from a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, rose 0.7 percent in March, down 1.6 percent since Jan. 1.

Strong overseas demand led China's industrial production to grow by 7.2 percent in January and February from a year earlier. China's retail sales grew 9.7 percent during the first two months of the year from a year earlier. Strong economic growth over the last year propelled the unemployment rate in the eurozone down to 8.6 percent in January from 9.6 percent a year earlier. Inflation in the U.K. was an annualized rate of 2.5 percent in February, down from 2.7 percent in January; the largest downward contributions came from transport and food prices. Japan's unemployment rate for January fell to an annualized rate of 2.4 percent, down from 2.7 percent in December. Brazil's inflation rate ticked down to an annualized rate of 2.8 percent in February from January's annualized rate of 2.9 percent; meat and fruit prices were down. International equities, as measured by the MSCI EAFE Index, dropped 1.8 percent in March, down 1.5 percent since Jan. 1.

## BFFI SELECTS NEW PUBLIC REAL ESTATE FUND MANAGER

Principal Global Real Estate Securities Fund has been selected by Brethren Foundation Funds' investment committee to serve as the firm's public real estate fund manager. The Des Moines, Iowa-based mutual fund is a registered investment adviser that began managing the assets of BFFI's Public Real Estate Fund in March.

The Public Real Estate Fund is offered as a diversifier that is intended to reduce the volatility of an investment portfolio. Typically, diversifiers represent a small portion of a portfolio and, therefore, this investment option has insufficient assets to secure a manager that can be required to honor BFFI's Brethren Values Investing guidelines. In order to offer this investment option for those who wish to use it, BFFI must employ the services of a mutual fund manager that is only bound by its own investment guidelines. Accordingly, the Public Real Estate Fund may not comply with BVI guidelines.

In addition to being offered as a stand-alone strategic investment option, the Public Real Estate Fund can be included in the asset allocation of the following tactical funds: Aggressive Growth Fund, Growth Fund, Income & Growth Fund, and Income Fund.

The Principal Global Real Estate Securities Fund replaces the Voya Global Real Estate Fund, which was unable to meet BFFI's performance expectations.



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

# Fund Performance Report

for the period ending March 31, 2018



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
<b>SHORT-TERM</b>						
<b>Short-Term Fund</b>	0.1%	0.3%	0.3%	0.5%	0.5%	1.0%
Merrill Lynch 6-Month Treasury Bill Index <sup>1</sup>	0.1%	0.3%	0.3%	0.7%	0.5%	0.4%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund <sup>2</sup></b>	0.1%	0.4%	0.4%	1.6%	1.8%	2.2%
No Benchmark	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	0.5%	(1.7)%	(1.7)%	1.3%	2.1%	4.3%
Bloomberg Barclays U.S. Government/Credit Bond Index	0.7%	(1.6)%	(1.6)%	1.2%	1.8%	3.7%
<b>Bond Fund</b>	0.6%	(1.5)%	(1.5)%	1.7%	2.3%	4.4%
Bloomberg Barclays U.S. Government/Credit Bond Index	0.7%	(1.6)%	(1.6)%	1.2%	1.8%	3.7%
<b>Treasury Inflation-Protected Securities Fund <sup>3</sup></b>	0.9%	(0.9)%	(0.9)%	1.9%	0.0%	—
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	1.1%	(0.8)%	(0.8)%	1.3%	0.0%	—
<b>Bank Loans Fund <sup>3</sup></b>	0.4%	1.5%	1.5%	—	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	0.3%	1.4%	1.4%	—	—	—
<b>High Yield Bond Fund <sup>3</sup></b>	(0.9)%	(1.5)%	(1.5)%	5.0%	5.0%	—
Bloomberg Barclays U.S. Corporate High Yield Bond Index	(0.6)%	(0.9)%	(0.9)%	5.2%	5.0%	—
<b>Global Aggregate Fixed Income Fund <sup>3,4</sup></b>	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Large Cap Core Fund</b>	(2.4)%	(2.3)%	(2.3)%	3.9%	7.0%	5.4%
S&P 500 Index	(2.5)%	(0.8)%	(0.8)%	10.8%	13.3%	9.5%
<b>Domestic Stock Large Cap Core Index Fund <sup>5</sup></b>	(2.5)%	(0.9)%	(0.9)%	—	—	—
S&P 500 Index	(2.5)%	(0.8)%	(0.8)%	—	—	—
<b>Domestic Stock Mid Cap Fund</b>	(1.4)%	(1.7)%	(1.7)%	4.6%	10.9%	—
Russell Midcap Index	0.1%	(0.5)%	(0.5)%	8.1%	12.1%	—
<b>Domestic Stock Growth Fund</b>	(2.4)%	0.9%	0.9%	9.0%	11.3%	—
Russell 1000 Growth Index	(2.7)%	1.4%	1.4%	12.9%	15.5%	—
<b>Domestic Stock Fund</b>	(2.1)%	(0.8)%	(0.8)%	6.3%	10.1%	8.6%
S&P 500 Index	(2.5)%	(0.8)%	(0.8)%	10.8%	13.3%	9.5%
<b>Small Cap Fund</b>	2.8%	6.4%	6.4%	18.2%	16.6%	14.4%
Russell 2000 Index	1.3%	(0.1)%	(0.1)%	8.4%	11.5%	9.8%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	(1.0)%	0.4%	0.4%	6.0%	6.1%	2.9%
MSCI EAFE Index	(1.8)%	(1.5)%	(1.5)%	5.6%	6.5%	2.7%
<b>Emerging Markets Stock Fund <sup>3</sup></b>	(3.4)%	1.9%	1.9%	9.8%	4.1%	—
MSCI Emerging Markets Index	(1.9)%	1.4%	1.4%	8.8%	5.0%	—
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund <sup>3</sup></b>	(1.6)%	(1.7)%	(1.7)%	(4.2)%	(10.6)%	—
Bloomberg Commodity Total Return Index	(0.6)%	(0.4)%	(0.4)%	(3.2)%	(8.3)%	—
<b>Public Real Estate Fund <sup>3</sup></b>	1.0%	(4.9)%	(4.9)%	(0.5)%	2.8%	—
S&P Developed Property Index	2.3%	(4.4)%	(4.4)%	3.2%	5.6%	—
<b>Multi-Strategy Hedge Fund <sup>3,4</sup></b>	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
<b>Global Inflation Protection Fund <sup>3</sup></b>	(0.2)%	0.1%	0.1%	6.2%	—	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	1.0%	0.1%	0.1%	3.3%	—	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	(1.0)%	(1.1)%	(1.1)%	4.5%	7.0%	7.2%
Blended Balanced Index <sup>6</sup>	(1.3)%	(1.0)%	(1.0)%	7.0%	8.7%	7.4%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund <sup>3,4</sup></b>	—	—	—	—	—	—
Blended Conservative Index	—	—	—	—	—	—
<b>Income Fund <sup>3</sup></b>	(0.4)%	(1.0)%	(1.0)%	3.4%	—	—
Blended Income Index	(0.3)%	(1.3)%	(1.3)%	3.7%	—	—
<b>BVI Income Fund <sup>4</sup></b>	(0.3)%	(1.1)%	(1.1)%	—	—	—
Blended SRI Income Index	(0.5)%	(1.3)%	(1.3)%	—	—	—
<b>Income &amp; Growth Fund <sup>3</sup></b>	(0.9)%	(0.2)%	(0.2)%	5.4%	—	—
Blended Income & Growth Index	(0.9)%	(1.1)%	(1.1)%	5.4%	—	—
<b>BVI Income &amp; Growth Fund</b>	(0.4)%	(0.7)%	(0.7)%	—	—	—
Blended SRI Income & Growth Index	(0.9)%	(1.2)%	(1.2)%	—	—	—
<b>Growth Fund <sup>3</sup></b>	(1.1)%	0.1%	0.1%	6.2%	—	—
Blended Growth Index	(1.1)%	(1.0)%	(1.0)%	6.1%	—	—
<b>BVI Growth Fund</b>	(0.6)%	(0.2)%	(0.2)%	5.9%	—	—
Blended SRI Growth Index	(1.3)%	(1.1)%	(1.1)%	6.1%	—	—
<b>Aggressive Growth Fund <sup>3</sup></b>	(1.2)%	0.3%	0.3%	6.6%	—	—
Blended Aggressive Growth Index	(1.3)%	(0.9)%	(0.9)%	6.7%	—	—
<b>BVI Aggressive Growth Fund <sup>4</sup></b>	(0.9)%	(0.3)%	(0.3)%	—	—	—
Blended SRI Aggressive Growth Index	(1.7)%	(1.0)%	(1.0)%	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index (February 2017) <sup>7</sup></b>	0.5%	0.9%	0.9%	2.0%	1.4%	1.6%

Performance Report

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