



Brethren
Foundation Funds
is pleased to
announce the
release of its
*2017 Information
Statement.*



Investment Perspective

FROM BRETHERN FOUNDATION FUNDS

JULY 2017

MARKETS AND THE ECONOMY

The S&P 500 Index posted a historical first-half performance, increasing 9.3 percent since Jan. 1. During June it rose 0.6 percent, and increased 3.1 percent during the second quarter. The Federal Reserve raised the target range for the federal funds rate by 25 basis points to 1.00 - 1.25 percent. In its statement, the Fed indicated there was no change to its rate increase plan for the rest of the year. It also outlined its plan to pare back its large balance sheet, a plan likely to start later this year. Consumer prices inched up 0.1 percent in May, but energy prices constrained the index as they fell 2.7 percent. Consumer prices are up 1.9 percent for the past year. Existing home sales rose 1.1 percent in May, and are up 2.7 percent from a year ago; tight supply and rising prices continue to be headwinds. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index was unchanged in June, increasing 1.7 percent during the second quarter and 2.7 percent since Jan. 1.

The European Central Bank hinted it might start winding down its monetary stimulus program of quantitative easing and negative interest rates as the Eurozone economy shows signs of strengthening. The Bank of England voted to keep its benchmark interest rate at 0.25 percent and its asset purchase program on hold. The Bank of Japan left interest rates unchanged and reiterated its commitment to monthly bond purchases to stimulate the economy and boost inflation. China's official survey on manufacturing showed expansion, driven by activity in the steel sector. China's consumer prices rose 1.5 percent over the prior year, pushed by a rise in rent, fuel, and utilities. Brazil's inflation rate continued to drop in May, falling to an annualized rate of 3.6 percent, down from April's annualized rate of 4.1 percent and at the lower end of the Central Bank's target range. International equities, as measured by the MSCI EAFE Index, declined 0.2 percent in June, up 6.1 percent during the second quarter and 13.8 percent since the beginning of the year.

BRETHERN FOUNDATION FUNDS RELEASES ITS *2017 INFORMATION STATEMENT*

Brethren Foundation Funds is pleased to announce the release of its *2017 Information Statement*. This disclosure resource provides important information about BFFI and its processes, fees, investment options, and performance. BFFI's audited financial statements for the 2016 calendar year are also included in the document.

The *2017 Information Statement* should be reviewed carefully. This year's edition has been updated to be consistent with changes made to BFFI's Investment Guidelines, provide a broadened discussion of investment risks, explain BFFI's 30 investment options (21 strategic and nine tactical options), and include an expanded definitions section, as well as copies of revised forms.

A printed copy of the *2017 Information Statement* is being sent with this issue of *Investment Perspective* to the primary contact for all organizational clients who have not registered to use BFFI's online services.

All organizational client representatives who have access to BFFI's client portal also have access to an electronic copy of the *2017 Information Statement* and will not be provided a printed copy, unless one is specifically requested.

Please contact Steve Mason, director of Brethren Foundation, if you have questions or concerns.

Fund Performance Report for the period ending June 30, 2017



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	0.0%	0.1%	0.3%	0.4%	0.5%	1.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.1%	0.2%	0.4%	0.4%	0.3%	0.6%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.1%	0.4%	0.8%	1.6%	1.8%	2.3%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	0.1%	1.7%	2.8%	2.7%	2.8%	5.1%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	0.0%	1.7%	2.7%	2.6%	2.3%	4.6%
Bond Fund	0.1%	2.0%	3.1%	2.9%	2.9%	5.2%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	0.0%	1.7%	2.7%	2.6%	2.3%	4.6%
Treasury Inflation-Protected Securities Fund ³	(0.7)%	0.0%	4.5%	1.3%	0.3%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	(0.9)%	(0.4)%	0.9%	0.6%	0.3%	—
Bank Loans Fund ^{3,4}	—	—	—	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	—	—	—	—	—	—
High Yield Bond Fund ³	0.1%	1.9%	4.7%	4.3%	7.0%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	0.1%	2.2%	4.9%	4.5%	6.9%	—
Global Aggregate Fixed Income Fund ^{3,4}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	0.5%	2.4%	7.9%	0.8%	8.5%	4.2%
<i>S&P 500 Index</i>	0.6%	3.1%	9.3%	9.6%	14.6%	7.2%
Domestic Stock Large Cap Core Index Fund ⁵	0.6%	2.9%	9.0%	—	—	—
<i>S&P 500 Index</i>	0.6%	3.1%	9.3%	—	—	—
Domestic Stock Mid Cap Fund	1.1%	4.0%	13.3%	4.0%	15.5%	—
<i>Russell Midcap Index</i>	1.0%	2.7%	8.0%	7.7%	14.7%	—
Domestic Stock Growth Fund	1.3%	4.4%	9.9%	7.5%	12.7%	—
<i>Russell 1000 Growth Index</i>	(0.3)%	4.7%	14.0%	11.1%	15.3%	—
Domestic Stock Fund	1.0%	3.7%	10.6%	4.5%	12.5%	7.0%
<i>S&P 500 Index</i>	0.6%	3.1%	9.3%	9.6%	14.6%	7.2%
Small Cap Fund	2.7%	6.8%	13.1%	12.7%	14.1%	10.1%
<i>Russell 2000 Index</i>	3.5%	2.5%	5.0%	7.4%	13.7%	6.9%
INTERNATIONAL EQUITY						
International Stock Core Fund	(0.3)%	7.5%	17.0%	1.9%	7.8%	1.4%
<i>MSCI EAFE Index</i>	(0.2)%	6.1%	13.8%	1.1%	8.7%	1.0%
Emerging Markets Stock Fund ³	(0.6)%	2.0%	17.0%	0.8%	4.5%	—
<i>MSCI Emerging Markets Index</i>	1.0%	6.3%	18.4%	1.1%	4.0%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ³	(2.9)%	(5.2)%	(7.0)%	(16.6)%	(10.1)%	—
<i>Bloomberg Commodity Total Return Index</i>	(0.2)%	(3.0)%	(5.3)%	(14.8)%	(9.2)%	—
Public Real Estate Fund ³	1.2%	3.5%	5.2%	1.4%	6.0%	—
<i>S&P Developed Property Index</i>	0.9%	3.6%	6.6%	5.1%	9.1%	—
Multi-Strategy Hedge Fund ^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund ³	0.1%	1.7%	9.6%	—	—	—
<i>CPI + 5%</i> ⁶	0.5%	1.7%	3.9%	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	0.6%	3.0%	7.5%	4.0%	8.7%	6.6%
<i>Blended Balanced Index</i> ⁷	0.4%	2.5%	6.6%	6.9%	9.7%	6.4%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ³	0.0%	0.3%	0.6%	—	—	—
<i>Blended Conservative Index</i>	0.1%	0.4%	0.6%	—	—	—
Income Fund ³	0.1%	2.9%	6.6%	2.5%	—	—
<i>Blended Income Index</i>	0.2%	2.6%	5.7%	3.5%	—	—
BVI Income Fund ⁴	—	—	—	—	—	—
<i>Blended SRI Income Index</i>	—	—	—	—	—	—
Income & Growth Fund ³	0.2%	3.2%	8.8%	3.2%	—	—
<i>Blended Income & Growth Index</i>	0.3%	3.1%	7.5%	4.1%	—	—
BVI Income & Growth Fund	0.4%	3.7%	8.6%	—	—	—
<i>Blended SRI Income & Growth Index</i>	0.3%	3.1%	7.4%	—	—	—
Growth Fund ³	0.2%	3.6%	10.1%	3.3%	—	—
<i>Blended Growth Index</i>	0.3%	3.4%	8.4%	4.4%	—	—
BVI Growth Fund	0.4%	4.3%	10.3%	—	—	—
<i>Blended SRI Growth Index</i>	0.3%	3.5%	8.8%	—	—	—
Aggressive Growth Fund ³	0.2%	3.8%	11.1%	2.8%	—	—
<i>Blended Aggressive Growth Index</i>	0.4%	3.5%	9.0%	4.6%	—	—
BVI Aggressive Growth Fund ⁴	—	—	—	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	—	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (May 2017) ⁶	0.1%	0.5%	1.4%	0.9%	1.3%	1.6%

Performance Report

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