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# Investment Perspective

FROM BRETHERN FOUNDATION FUNDS

JUNE 2016

## MARKETS AND THE ECONOMY

A batch of strong economic data along with receding global economic and financial markets risks served as background to the S&P 500 Index advancing 1.8 percent in May. The Federal Reserve indicated it would be “appropriate” for interest rates to “gradually rise” in the coming months if the U.S. economy continues to strengthen. Momentum in the housing sector remains healthy as April new home sales leaped 16.6 percent over March and sales of existing homes rose 1.7 percent in April from March. The unemployment rate fell to 4.7 percent from 5 percent primarily as the result of Americans dropping out of the labor force rather than finding new jobs. The bond market, as measured by the Barclays Capital Government/Credit Index, was flat in May.

The European Central Bank offered no additional stimulus as Eurozone inflation fell by 0.1 percent in May from a year earlier; this was the second straight month of deflation. Consumer and business sentiment in the European Union rose in May over April. Strong household spending and government demand drove Japan’s GDP to expand 1.7 percent on an annualized basis during the first quarter; they are considering additional stimulus measures and delaying a sales tax increase. Consumer spending along with service industry and manufacturing growth contributed to India’s first quarter GDP rising 7.9 percent from a year earlier. China’s manufacturing sector slowed in April. Russia’s GDP fell at an annualized rate of 1.2 percent in the first quarter of the year. International equities, as measured by the MSCI EAFE Index, slipped 0.9 percent in May.

## BRETHERN FOUNDATION FUNDS REMINDERS

Is your list of authorized individuals up to date? Regularly check the list of individuals authorized by your organization or congregation to receive information from or conduct business with BFFI, and update it as needed. BFFI recommends that at least two individuals be authorized on each account. Keeping this list current will minimize delays with transactions while paperwork is updated, and reduce the opportunity for unauthorized transactions.

**Does BFFI have your email address?** BFFI maintains a directory of email addresses for the primary contacts of organizational clients, so that organizations can be quickly contacted when the need arises. If you are the primary contact, please notify BFFI promptly when any email address changes occur.

**Have you registered for online account access?** BFFI recommends that clients use the client portal, which offers online access to account information. Those who use the client portal have the earliest access to monthly statements and the latest issue of Investment Perspective. With proper authorization, online users can initiate transactions electronically, review account activity and performance data for their accounts, generate reports for custom date ranges, and export data in spreadsheet or PDF format.

**Are you using the latest BFFI forms?** Anyone not using the client portal should use the latest BFFI forms, which are available for download on the BFFI website page at [cobbt.org/asset-management-forms](http://cobbt.org/asset-management-forms). These downloaded forms may be completed on the screen and saved to your computer. Print or email copies are also available upon request. Please use only the latest versions.

**Who should you contact for assistance?** Please contact Steve Lipinski, manager of Brethren Foundation operations, at 847-622-3377 or [slipinski@cobbt.org](mailto:slipinski@cobbt.org) for assistance with items listed above.

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

BFFI recommends that clients use the client portal, which offers online access to account information.



# Fund Performance Report

for the period ending May 31, 2016



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>	0.0%	0.1%	0.2%	0.3%	0.5%	1.8%
Merrill Lynch 6-Month Treasury Bill Index <sup>1</sup>	0.0%	0.2%	0.3%	0.2%	0.2%	1.1%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund <sup>2</sup></b>	0.1%	0.4%	0.7%	1.8%	2.0%	2.5%
No Benchmark	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	0.1%	2.2%	4.1%	2.9%	3.8%	5.5%
Barclays Capital U.S. Government/Credit Bond Index	0.0%	1.6%	3.9%	2.8%	3.6%	5.0%
<b>Bond Fund</b>	0.1%	2.5%	4.3%	3.0%	3.8%	5.5%
Barclays Capital U.S. Government/Credit Bond Index	0.0%	1.6%	3.9%	2.8%	3.6%	5.0%
<b>Treasury Inflation-Protected Securities Fund <sup>3</sup></b>	(0.6)%	1.7%	4.3%	(0.4)%	1.8%	—
Barclays Capital U.S. TIPS Index	(0.7)%	1.4%	4.1%	0.4%	2.4%	—
<b>Bank Loans Fund <sup>3,4</sup></b>	—	—	—	—	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	—	—	—	—	—	—
<b>High Yield Bond Fund <sup>3</sup></b>	0.7%	8.0%	6.1%	3.0%	5.3%	—
Barclays Capital U.S. Corporate High Yield Bond Index	0.6%	9.2%	8.1%	3.0%	5.4%	—
<b>Global Aggregate Fixed Income Fund <sup>3,4</sup></b>	—	—	—	—	—	—
Barclays Capital Global Aggregate Bond Index	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Large Cap Core Fund</b>	1.1%	6.9%	(0.4)%	1.3%	4.3%	4.2%
S&P 500 Index	1.8%	9.1%	3.6%	11.1%	11.7%	7.4%
<b>Domestic Stock Large Cap Core Index Fund</b>	1.7%	8.7%	—	—	—	—
S&P 500 Index	1.8%	9.1%	—	—	—	—
<b>Domestic Stock Mid Cap Fund</b>	1.0%	7.4%	(1.0)%	9.3%	11.3%	—
Russell Midcap Index	1.6%	11.1%	5.0%	10.2%	10.3%	—
<b>Domestic Stock Growth Fund</b>	3.1%	9.9%	3.5%	10.7%	9.8%	—
Russell 1000 Growth Index	1.9%	7.8%	1.8%	12.5%	12.1%	—
<b>Domestic Stock Fund</b>	1.8%	8.4%	1.2%	7.5%	8.7%	7.6%
S&P 500 Index	1.8%	9.1%	3.6%	11.1%	11.7%	7.4%
<b>Small Cap Fund</b>	2.1%	11.7%	7.7%	11.0%	9.7%	9.8%
Russell 2000 Index	2.3%	12.1%	2.3%	6.9%	7.9%	6.3%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	(0.1)%	9.4%	0.3%	1.0%	1.8%	2.0%
MSCI EAFE Index	(0.9)%	8.6%	(1.1)%	2.0%	2.1%	1.9%
<b>Emerging Markets Stock Fund <sup>3</sup></b>	(6.2)%	11.2%	4.9%	(7.3)%	(6.5)%	—
MSCI Emerging Markets Index	(3.7)%	9.6%	2.3%	(4.9)%	(4.8)%	—
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund <sup>3</sup></b>	0.4%	15.8%	10.9%	(15.4)%	(12.9)%	—
Bloomberg Commodity Total Return Index	(0.2)%	12.4%	8.8%	(13.2)%	(12.5)%	—
<b>Public Real Estate Fund <sup>3</sup></b>	(0.8)%	8.5%	2.6%	4.2%	5.1%	—
S&P Developed Property Index	0.1%	9.8%	5.7%	7.1%	7.8%	—
<b>Multi-Strategy Hedge Fund <sup>3,4</sup></b>	—	—	—	—	—	—
60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index	—	—	—	—	—	—
<b>Global Inflation Protection Fund <sup>3</sup></b>	(2.1)%	8.1%	9.8%	—	—	—
CPI + 5% <sup>5</sup>	0.9%	2.2%	2.9%	—	—	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	1.1%	5.9%	2.5%	5.9%	7.0%	7.1%
Blended Balanced Index <sup>6</sup>	1.1%	6.1%	3.8%	7.9%	8.6%	6.8%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund <sup>3</sup></b>	0.0%	—	—	—	—	—
Blended Conservative Index	0.0%	—	—	—	—	—
<b>Income Fund <sup>3</sup></b>	0.3%	5.8%	3.3%	—	—	—
Blended Income Index	0.0%	4.2%	3.3%	—	—	—
<b>SRI Income Fund <sup>4</sup></b>	—	—	—	—	—	—
Blended SRI Income Index	—	—	—	—	—	—
<b>Income &amp; Growth Fund <sup>3</sup></b>	0.0%	7.3%	3.4%	—	—	—
Blended Income & Growth Index	0.1%	5.8%	2.9%	—	—	—
<b>SRI Income &amp; Growth Fund</b>	0.6%	6.1%	2.8%	—	—	—
Blended SRI Income & Growth Index	0.1%	5.7%	2.9%	—	—	—
<b>Growth Fund <sup>3</sup></b>	(0.1)%	8.2%	3.0%	—	—	—
Blended Growth Index	0.1%	6.5%	2.6%	—	—	—
<b>SRI Growth Fund</b>	0.7%	7.2%	2.4%	—	—	—
Blended SRI Growth Index	0.1%	6.9%	2.6%	—	—	—
<b>Aggressive Growth Fund <sup>3</sup></b>	(0.2)%	8.7%	2.9%	—	—	—
Blended Aggressive Growth Index	0.2%	7.0%	2.4%	—	—	—
<b>SRI Aggressive Growth Fund <sup>4</sup></b>	—	—	—	—	—	—
Blended SRI Aggressive Growth Index	—	—	—	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index (April 2016) <sup>5</sup></b>	0.5%	1.0%	0.8%	1.0%	1.2%	1.7%

<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 socially responsible investing guidelines because they are invested in mutual funds. All other investment funds must meet socially responsible investing guidelines. <sup>4</sup> No assets invested in this fund. <sup>5</sup> Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted. <sup>6</sup> Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).

Performance Report