



Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

MARCH 2015

MARKETS AND THE ECONOMY

The S&P 500 Index advanced 5.7 percent in February, helped in part by strong quarterly earnings reports. While job growth was strong, many previously sidelined American workers resumed their job search, causing the unemployment rate to tick up a tenth of a percentage point to 5.7 percent in January. The Fed said it is moving closer to a rate increase, but any movement hinges not only on the performance of the economy, but inflation moving toward its target rate of 2 percent. Driven by a plunge in oil prices, the consumer price index fell 0.1 percent in January from a year earlier. Manufacturing expanded, but at a slower pace in February, hurt by sluggish overseas economies and a strike at West Coast ports. A tightening supply of homes contributed to January's sales of previously owned homes falling 4.9 percent from December. The bond market, as measured by the Barclays Capital Government/Credit Index, declined 1.3 percent in February.

While economic growth slowed in France and contracted in Greece, Germany and Spain helped boost the Eurozone GDP to advance 0.3 percent in the fourth quarter compared with the previous quarter. For all of 2014, the Eurozone's economy expanded 0.9 percent. The Greek government secured an extension of its bailout program. In an effort to stimulate growth, China's central bank relaxed banks' reserve-requirement ratio, freeing up more than \$100 billion that banks can lend, and cut its key lending and deposit rates a quarter of a percentage point. The Bank of England stated it is prepared to cut its key interest rates or expand its bond-buying program should the current period of low inflation become "self-reinforcing." Brazil stepped up austerity measures and increased taxes in an effort to shore up its deteriorating finances. International equities, as measured by the MSCI EAFE Index, rose 6 percent in February.

HARNESS THE POWER OF THE PORTAL

As of the end of February, 56 percent of Brethren Foundation Fund's organizational clients have authorized individuals to use the BFFI client portal. Those who use the client portal have the earliest access to statements and the new issue of *Investment Perspective* each month. All online users also have access to past statements, the most recent edition of the *Information Statement*, and past issues of *Investment Perspective* (which are also available at www.cobbt.org/investment-perspective).

But there is much more to the client portal than access to current and past reports and documents. Full access users of the client portal may also initiate transactions electronically and generate a variety of custom reports. Users with full "look-only" access receive regular monthly statements and have the ability to generate custom reports; they can prepare statements and performance reports; and review account activity at both the summary and detail level for custom date ranges. Reports can be exported for use as spreadsheets or PDF documents. Online users have access to the help section of the client portal and can submit specific requests via the request feature within the help section.

Like many other citizens and corporations, BFFI is sensitive to environmental sustainability and is proud to note that all users of the client portal receive monthly statements, the annual *Information Statement*, and monthly issues of *Investment Perspective* only in electronic format via the client portal, thereby enabling BFFI to reduce paper consumption.

Anyone interested in gaining access to the client portal or receiving assistance with its use can contact Steve Lipinski at slipinski@cobbt.org or 847-622-3369.

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

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All periods longer than one year are annualized.

Fund Performance Report

for the period ending Feb. 28, 2015

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	0.1%	0.1%	0.1%	0.5%	0.7%	2.1%
<i>Merrill Lynch 6-Month Treasury Bill Index¹</i>	0.0%	0.1%	0.0%	0.2%	0.2%	1.5%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund²	0.1%	0.4%	0.3%	2.0%	2.2%	2.7%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(1.2)%	1.5%	1.4%	3.4%	5.1%	5.3%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(1.3)%	1.4%	1.3%	2.9%	4.6%	4.8%
Bond Fund	(1.3)%	1.6%	1.3%	3.4%	5.2%	5.3%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(1.3)%	1.4%	1.3%	2.9%	4.6%	4.8%
Treasury Inflation-Protected Securities Fund³	(1.1)%	0.3%	1.6%	(0.6)%	—	—
<i>Barclays Capital U.S. TIPS Index</i>	(1.2)%	0.8%	1.9%	0.4%	—	—
Bank Loans Fund^{3,4}	—	—	—	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	—	—	—	—	—	—
High Yield Bond Fund³	2.5%	1.3%	3.3%	7.7%	—	—
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	2.4%	1.6%	3.1%	7.6%	—	—
Global Aggregate Fixed Income Fund^{3,4}	—	—	—	—	—	—
<i>Barclays Capital Global Aggregate Bond Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Core Fund	5.6%	(1.6)%	(2.4)%	13.8%	12.0%	6.9%
<i>S&P 500 Index</i>	5.7%	2.3%	2.6%	18.0%	16.2%	8.0%
Domestic Stock Mid Cap Fund	8.6%	5.0%	3.9%	23.0%	—	—
<i>Russell Midcap Index</i>	5.5%	4.1%	3.9%	18.9%	—	—
Domestic Stock Growth Fund	7.2%	3.9%	4.3%	14.7%	—	—
<i>Russell 1000 Growth Index</i>	6.7%	3.9%	5.0%	18.1%	—	—
Domestic Stock Fund	7.1%	2.4%	1.9%	17.1%	15.9%	8.8%
<i>S&P 500 Index</i>	5.7%	2.3%	2.6%	18.0%	16.2%	8.0%
Small Cap Fund	5.4%	3.0%	1.8%	13.0%	16.8%	10.7%
<i>Russell 2000 Index</i>	5.9%	5.5%	2.5%	16.6%	16.0%	8.3%
INTERNATIONAL EQUITY						
International Stock Core Fund	5.9%	3.1%	6.1%	7.8%	7.2%	4.6%
<i>MSCI EAFE Index</i>	6.0%	2.9%	6.5%	9.9%	8.3%	5.3%
Emerging Markets Stock Fund³	1.7%	(3.6)%	2.6%	(2.4)%	—	—
<i>MSCI Emerging Markets Index</i>	3.1%	(1.0)%	3.7%	0.0%	—	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund³	3.5%	(14.1)%	(2.2)%	(12.5)%	—	—
<i>Bloomberg Commodity Total Return Index</i>	2.6%	(8.4)%	(0.8)%	(11.2)%	—	—
Public Real Estate Fund³	(2.5)%	4.1%	2.8%	10.2%	—	—
<i>S&P Developed Property Index</i>	0.0%	4.9%	4.6%	14.0%	—	—
Multi-Strategy Hedge Fund^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund	0.7%	(2.1)%	4.2%	—	—	—
<i>CPI + 5%⁵</i>	(0.1)%	(0.7)%	(0.4)%	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	3.6%	2.1%	1.7%	11.7%	11.8%	7.7%
<i>Blended Balanced Index⁶</i>	2.9%	2.1%	2.2%	11.9%	11.7%	7.0%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund^{3,4}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund³	1.0%	0.9%	1.6%	—	—	—
<i>Blended Income Index</i>	1.3%	1.8%	2.4%	—	—	—
SRI Income Fund⁴	—	—	—	—	—	—
<i>Blended SRI Income Index</i>	—	—	—	—	—	—
Income & Growth Fund³	2.8%	0.8%	1.8%	—	—	—
<i>Blended Income & Growth Index</i>	2.9%	2.2%	3.0%	—	—	—
SRI Income & Growth Fund⁴	—	—	—	—	—	—
<i>Blended SRI Income & Growth Index</i>	—	—	—	—	—	—
Growth Fund³	3.6%	0.8%	2.0%	—	—	—
<i>Blended Growth Index</i>	3.5%	2.4%	3.2%	—	—	—
SRI Growth Fund	4.2%	—	2.1%	—	—	—
<i>Blended SRI Growth Index</i>	3.8%	—	3.4%	—	—	—
Aggressive Growth Fund³	4.1%	0.3%	2.0%	—	—	—
<i>Blended Aggressive Growth Index</i>	4.1%	1.9%	3.2%	—	—	—
SRI Aggressive Growth Fund⁴	—	—	—	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	—	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (January 2015)⁵	(0.5)%	(1.9)%	(1.2)%	0.7%	1.3%	1.8%

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 Most recent data available. CPI data are from the All U.S. Urban Consumers Chained CPI Index and are not seasonally adjusted. ⁶ Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).