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of 2014,
BFFI clients
had invested
\$322,000
in the CDIF.



Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

NOVEMBER 2015

MARKETS AND THE ECONOMY

Solid corporate quarterly results and accommodative measures taken by global central banks bolstered equity investors' confidence in the markets; the S&P 500 Index rose 8.4 percent in October. Despite strong consumer spending and increased business investment, headwinds from lackluster overseas demand for manufacturing helped slow U.S. economic growth to an annual rate of 1.5 percent during the third quarter, down from 3.9 percent in the second quarter. The consumer price index fell 0.2 percent in September due to lower gas prices and a strong dollar, which makes imports cheaper. Manufacturing output declined 0.1 percent in September. A surge in multifamily units drove a 6.5 percent rise in September housing starts over the prior month; single family homes were up only 0.3 percent. Existing home sales rose 4.7 percent in September over the previous month. The bond market, as measured by the Barclays Capital Government/Credit Index, was a flat 0.0 percent in September.

China's economy slowed to an annual rate of 6.9 percent in the third quarter as investment and industrial production decelerated. In an effort to boost growth, the People's Bank of China cut its benchmark one-year lending rate by 0.25 percent to 4.35 percent and lowered reserve requirements for banks. Weighed down by tepid performance in the construction and manufacturing sectors, the U.K.'s GDP grew at an annual rate of 0.5 percent in the third quarter; down from its 0.7 percent annual rate in the second quarter. U.K. consumer prices fell by 0.1 percent in September due to a minimal increase in clothing prices and lower gasoline prices. The European Central Bank stated it is prepared to undertake additional stimulus measures to combat ultralow inflation and a tepid recovery. International equities, as measured by the MSCI EAFE Index, rebounded strongly in October, advancing 7.8 percent.

INVESTING IN COMMUNITY, ONE LOAN AT A TIME

- A man in Minneapolis found a home at Aeon's Alliance Addition apartments, permanent affordable housing for formerly homeless adults.
- The mission of a cooperative in Ivory Coast is to sell cocoa beans, while improving the financial position of small farmers in the cocoa sector.
- West Berkeley Family Practice is the primary health services provider for uninsured individuals and families in its community.

What do these stories have in common? Each story reveals the benefit of the financial support received in 2014 through a local community development financial institution that includes investments from Brethren Foundation Funds clients. Calvert Foundation operates the fund that connects investors, like BFFI's Community Development Investment Fund, with financial institutions that assist borrowers such as the previously mentioned apartment complex, coffee growers, and medical facility.

In 2014 (most recent data available), investors in the CDIF helped build or rehabilitate two affordable housing units, establish 95 new enterprises through microcredit loans, finance one community facility or small business, support seven Fair Trade farmers, and create 146 jobs.

Because payment of principal and interest on assets invested in the CDIF depends solely upon the financial condition of Calvert Foundation, the risk level may be higher than for other similar securities. Accordingly, BFFI recommends clients allocate only 1 percent of their invested assets to the CDIF. At the end of 2014, BFFI clients had invested \$322,000 in the CDIF.

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

Fund Performance Report

for the period ending Oct. 31, 2015



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%	0.5%	0.6%	2.0%
Merrill Lynch 6-Month Treasury Bill Index ¹	0.0%	0.1%	0.2%	0.2%	0.2%	1.3%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.1%	0.4%	1.4%	1.9%	2.1%	2.5%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	0.0%	0.5%	0.8%	1.6%	3.4%	5.2%
Barclays Capital U.S. Government/Credit Bond Index	0.0%	0.5%	0.9%	1.5%	3.1%	4.7%
Bond Fund	0.1%	0.6%	0.7%	1.6%	3.4%	5.2%
Barclays Capital U.S. Government/Credit Bond Index	0.0%	0.5%	0.9%	1.5%	3.1%	4.7%
Treasury Inflation-Protected Securities Fund ³	0.1%	(1.6)%	(1.0)%	(2.7)%	1.3%	—
Barclays Capital U.S. TIPS Index	0.3%	(1.1)%	(0.6)%	(2.0)%	2.1%	—
Bank Loans Fund ^{3,4}	—	—	—	—	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	—	—	—	—	—	—
High Yield Bond Fund ³	2.7%	(1.4)%	1.7%	4.8%	6.1%	—
Barclays Capital U.S. Corporate High Yield Bond Index	2.7%	(1.7)%	0.2%	4.1%	6.2%	—
Global Aggregate Fixed Income Fund ^{3,4}	—	—	—	—	—	—
Barclays Capital Global Aggregate Bond Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	6.4%	(4.7)%	(13.9)%	7.9%	8.0%	5.4%
S&P 500 Index	8.4%	(0.6)%	2.7%	16.2%	14.3%	7.8%
Domestic Stock Large Cap Core Index Fund ⁴	—	—	—	—	—	—
S&P 500 Index	—	—	—	—	—	—
Domestic Stock Mid Cap Fund	7.8%	(4.4)%	(0.3)%	19.1%	17.7%	—
Russell Midcap Index	6.2%	(3.0)%	0.0%	16.6%	13.9%	—
Domestic Stock Growth Fund	5.3%	(2.5)%	7.8%	15.2%	—	—
Russell 1000 Growth Index	8.6%	(0.5)%	6.9%	17.9%	—	—
Domestic Stock Fund	6.7%	(3.7)%	(2.3)%	14.1%	12.9%	8.3%
S&P 500 Index	8.4%	(0.6)%	2.7%	16.2%	14.3%	7.8%
Small Cap Fund	8.2%	(1.1)%	1.5%	12.7%	13.5%	9.9%
Russell 2000 Index	5.6%	(5.9)%	(2.5)%	13.9%	12.1%	7.5%
INTERNATIONAL EQUITY						
International Stock Core Fund	9.2%	(5.0)%	1.0%	6.5%	4.2%	3.9%
MSCI EAFE Index	7.8%	(5.2)%	2.1%	8.0%	4.8%	4.1%
Emerging Markets Stock Fund ³	9.1%	(6.0)%	(12.6)%	(4.8)%	(5.8)%	—
MSCI Emerging Markets Index	7.1%	(5.5)%	(9.4)%	(2.9)%	(2.8)%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ³	0.0%	(7.6)%	(18.7)%	(18.0)%	(10.9)%	—
Bloomberg Commodity Total Return Index	(0.4)%	(4.7)%	(16.2)%	(15.0)%	(9.9)%	—
Public Real Estate Fund ³	7.2%	1.6%	(0.6)%	6.9%	—	—
S&P Developed Property Index	5.7%	0.5%	1.8%	9.2%	—	—
Multi-Strategy Hedge Fund ^{3,4}	—	—	—	—	—	—
60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index	—	—	—	—	—	—
Global Inflation Protection Fund ³	3.8%	(4.5)%	(3.8)%	—	—	—
CPI + 5% ⁵	0.3%	0.9%	4.9%	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	4.0%	(1.8)%	(0.9)%	9.1%	9.3%	7.4%
Blended Balanced Index ⁶	5.1%	(0.1)%	2.2%	10.2%	9.9%	6.9%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{3,4}	—	—	—	—	—	—
Blended Conservative Index	—	—	—	—	—	—
Income Fund ³	3.0%	(1.7)%	(2.1)%	—	—	—
Blended Income Index	2.7%	(0.7)%	0.9%	—	—	—
SRI Income Fund ⁴	—	—	—	—	—	—
Blended SRI Income Index	—	—	—	—	—	—
Income & Growth Fund ³	4.6%	(2.8)%	(3.5)%	—	—	—
Blended Income & Growth Index	4.3%	(1.4)%	1.0%	—	—	—
SRI Income & Growth Fund	4.3%	(2.2)%	—	—	—	—
Blended SRI Income & Growth Index	4.3%	(1.4)%	—	—	—	—
Growth Fund ³	5.5%	(3.3)%	(3.8)%	—	—	—
Blended Growth Index	5.1%	(1.8)%	0.9%	—	—	—
SRI Growth Fund	5.4%	(2.9)%	(2.0)%	—	—	—
Blended SRI Growth Index	5.5%	(2.0)%	0.7%	—	—	—
Aggressive Growth Fund ³	6.3%	(3.9)%	(4.8)%	—	—	—
Blended Aggressive Growth Index	5.6%	(2.0)%	1.0%	—	—	—
SRI Aggressive Growth Fund ⁴	—	—	—	—	—	—
Blended SRI Aggressive Growth Index	—	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (September 2015) ⁵	(0.2)%	(0.3)%	0.8%	0.9%	1.7%	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 Consumer Price Index for All Urban Consumers. All items are not seasonally weighted. ⁶ Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).