

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

December 2019

MARKETS AND THE ECONOMY

Broad solid economic fundamentals overshadowed threats from a U.S.-China trade war and a global slowdown to contribute to the S&P 500 Index rising 3.6 percent in November. Personal income was unchanged in October, up 4.4 percent from a year ago. Personal consumption increased 0.3 percent in October, up 3.7 percent from a year ago. Real GDP was revised to a 2.1 percent annual growth rate in the third quarter. The upward revision was mainly due to inventories and business investment in structures, which offset a downward revision in government purchases. Retail sales grew 0.3 percent in October, led by non-store retailers (internet and mail order), autos, and gas stations; the largest decline was in clothing and accessory stores. Retail sales are up 3.1 percent from a year ago. Led by energy prices and medical costs, the Consumer Price Index rose 0.2 percent in October, up 1.8 percent from a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, ticked down 0.1 percent in November.

The Eurozone grew at an annualized rate of 0.8 percent during the third quarter, unchanged from the prior quarter's annualized growth rate. Lower exports contributed to Japan's economy slowing during the third quarter to an annualized rate of 0.2 percent, down from the previous quarter annualized rate of 1.8 percent. While citing the possibility for future rate cuts, the Bank of Japan kept its benchmark rates unchanged. India's economy grew at an annualized rate of 4.5 percent during the three months ending September 30, down from the prior quarter annualized rate of 5 percent. Driven by a decline in exports and drawdown in inventories, economic growth in Canada slowed during the third quarter to an annualized rate of 1.3 percent, down significantly from the previous quarter annualized rate of 3.5 percent. Mexico's economy contracted at an annualized rate of 0.1 percent during the third quarter — same as the second quarter, and giving it a third straight quarter of negative growth. International equities, as measured by the MSCI EAFE Index, rose 1.1 percent in November.

YEAR-END CONSIDERATIONS

Initiating transactions — In order to ensure that routine transactions are recorded in 2019, the Brethren Foundation Funds office must receive the properly completed documentation, including checks or EFT instructions in the case of deposits, no later than 2 p.m. CST on Dec. 20. Liquidations and other unusual transactions, due to size or complexity, will take longer to complete and should be initiated as soon as possible. Paperwork may be submitted by fax to **847-960-5712**, sent as an attachment to an email message to bfii@cobbt.org, or mailed through the postal service to **1505 Dundee Ave., Elgin, IL 60120**. Please allow ample time for delivery.

Keeping the list of authorized individuals current — BFFI will only honor transaction or information requests about a client's account from individuals properly authorized to conduct business with BFFI on behalf of a client. Accordingly, it is very important that all clients keep their list of authorized individuals current. Doing so minimizes transaction delays caused by paperwork updating, and reduces the possibility of unauthorized access to accounts.

Confirming the email address of the primary contact — Please make sure that the email address for the primary contact is correct. BFFI uses email to distribute important information to all clients quickly.

Registering for BFFI's client portal — Organizations are encouraged to sign up for online account management. Authorized users can access monthly statements, generate custom reports, initiate transactions, and more.

For assistance with any of these matters, please contact Steve Mason, director of Brethren Foundation.

1505 Dundee Ave. Elgin, IL 60120 888-311-6530 Fax 847-960-5712 www.brethrenfoundationfunds.org



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Fund Performance Report

for the period ending November 30, 2019



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	0.1%	0.4%	2.0%	1.5%	1.0%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index</i>	0.1%	0.5%	2.4%	1.8%	1.2%	0.7%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	0.2%	0.5%	1.9%	1.8%	1.7%	2.0%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(0.1)%	(0.7)%	10.1%	4.6%	3.4%	4.2%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.1)%	(0.6)%	9.9%	4.5%	3.3%	3.8%
Bond Fund	(0.1)%	(0.6)%	10.8%	4.7%	3.6%	4.3%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.1)%	(0.6)%	9.9%	4.5%	3.3%	3.8%
Treasury Inflation-Protected Securities Fund ²	0.7%	(1.1)%	8.1%	4.0%	2.6%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	0.2%	(1.0)%	8.0%	3.2%	2.3%	—
Bank Loans Fund ²	0.3%	0.3%	5.7%	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	0.8%	1.2%	8.8%	—	—	—
High Yield Bond Fund ²	0.3%	0.7%	12.3%	5.9%	5.0%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	0.3%	1.0%	12.1%	6.3%	5.4%	—
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	3.5%	8.1%	25.4%	11.7%	4.5%	8.5%
<i>S&P 500 Index</i>	3.6%	7.9%	27.6%	14.9%	11.0%	13.4%
Domestic Stock Large Cap Core Index Fund ⁴	3.4%	7.5%	26.5%	14.6%	—	—
<i>S&P 500 Index</i>	3.6%	7.9%	27.6%	14.9%	—	—
Domestic Stock Mid Cap Fund	3.3%	7.6%	33.3%	8.0%	4.1%	—
<i>Russell Midcap Index</i>	3.6%	6.7%	27.6%	11.6%	8.9%	—
Domestic Stock Growth Fund	4.0%	6.6%	25.3%	14.0%	10.7%	—
<i>Russell 1000 Growth Index</i>	4.4%	7.4%	32.4%	19.8%	13.7%	—
Domestic Stock Fund	3.6%	7.3%	28.2%	11.8%	6.9%	11.4%
<i>S&P 500 Index</i>	3.6%	7.9%	27.6%	14.9%	11.0%	13.4%
Small Cap Fund	1.6%	4.3%	35.8%	22.5%	17.0%	17.3%
<i>Russell 2000 Index</i>	4.1%	9.1%	22.0%	8.6%	8.2%	12.4%
INTERNATIONAL EQUITY						
International Stock Core Fund	2.3%	9.3%	20.6%	10.7%	4.8%	5.5%
<i>MSCI EAFE Index</i>	1.1%	7.8%	18.2%	9.6%	4.3%	5.3%
Emerging Markets Stock Fund ²	0.7%	8.9%	5.0%	7.5%	2.5%	—
<i>MSCI Emerging Markets Index</i>	(0.1)%	6.1%	10.2%	9.0%	3.1%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	(1.0)%	1.6%	6.7%	(1.0)%	(7.4)%	—
<i>Bloomberg Commodity Total Return Index</i>	(2.6)%	0.6%	2.5%	(2.0)%	(6.4)%	—
Public Real Estate Fund ²	(0.1)%	4.7%	20.6%	8.2%	4.3%	—
<i>S&P Developed Property Index</i>	(1.2)%	3.7%	21.9%	10.0%	6.7%	—
Multi-Strategy Hedge Fund ^{2,3}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund ²	0.5%	3.5%	10.1%	6.4%	3.9%	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	0.2%	0.0%	8.0%	4.6%	3.9%	—
EQUITY AND FIXED INCOME						
Balanced Fund	2.1%	4.1%	21.2%	9.2%	5.8%	8.8%
<i>Blended Balanced Index ⁵</i>	2.1%	4.4%	20.5%	10.8%	8.1%	9.7%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund ²	1.1%	2.8%	15.0%	7.4%	4.3%	—
<i>Blended Income Index</i>	0.8%	2.2%	14.4%	7.2%	4.8%	—
BVI Income Fund	1.1%	2.9%	15.6%	—	—	—
<i>Blended SRI Income Index</i>	0.9%	2.6%	15.0%	—	—	—
Income & Growth Fund ²	1.4%	4.2%	16.1%	8.8%	5.1%	—
<i>Blended Income & Growth Index</i>	1.3%	3.8%	16.7%	8.8%	5.8%	—
BVI Income & Growth Fund	1.5%	3.9%	18.6%	9.1%	—	—
<i>Blended SRI Income & Growth Index</i>	1.3%	3.8%	16.9%	8.7%	—	—
Growth Fund ²	1.7%	5.2%	17.0%	9.6%	5.4%	—
<i>Blended Growth Index</i>	1.6%	4.6%	18.0%	9.5%	6.2%	—
BVI Growth Fund	1.9%	5.2%	20.8%	10.5%	—	—
<i>Blended SRI Growth Index</i>	1.7%	5.0%	18.7%	9.8%	—	—
Aggressive Growth Fund ²	1.8%	5.8%	17.5%	10.1%	5.3%	—
<i>Blended Aggressive Growth Index</i>	1.7%	5.1%	18.6%	10.0%	6.5%	—
BVI Aggressive Growth Fund	2.4%	6.6%	23.2%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	2.1%	6.2%	20.5%	—	—	—
U.S INFLATION						
Consumer Price Index (October 2019) ⁶	0.2%	0.3%	2.1%	2.1%	1.6%	1.8%

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

Performance Report