

BRETHREN FOUNDATION FUNDS INC.

April 2020

Greetings,

In compliance with federal and state guidance to shelter in place during the COVID-19 pandemic, our staff will be working remotely at least through the end of April. Access to the office will be extremely limited.

We invite all clients to conduct account management business by email, fax, or the client portal. In addition, we encourage all clients to authorize the deposit and/or withdrawal of account assets by electronic transfer. Transactions processed in this way will be accomplished within the usual time frame.

Processing of contributions and distributions through the mail will be considerably slower, possibly taking a week (or more) longer than usual to process.

Please contact Steve Lipinski or Sherri Crowe to assist you with your account management needs. Following is their contact information:

Steve Lipinski
slipinski@cobbt.org
847-622-3377

Sherri Crowe
scrowe@cobbt.org
847-622-3382

We will do our best to serve client needs and meet client expectations. However, in these unusual times, we ask for an extra dose of grace as we attempt to fulfill our commitment to excellent client service.

Feel free to contact me directly, if you wish.

Best wishes and be safe,



Steve Mason
Director, Brethren Foundation
smason@cobbt.org
847-622-3369

A not-for-profit ministry affiliated with Church of the Brethren Benefit Trust

1505 Dundee Ave. • Elgin, IL 60120-1619 • website: www.brethrenfoundationfunds.org
847-695-0200 • 888-311-6530 toll-free • 847-960-5712 fax • bffi@cobbt.org

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

April 2020



With the market in turmoil and regardless of the reasons for it, the temptation is to find safe haven.

MARKETS AND THE ECONOMY

The global spread of the coronavirus, the lockdown of populations throughout the U.S., and the forced shuttering of many sectors of the economy contributed to the S&P 500 Index retreating 12.4 percent in March; it plunged 19.6 percent during the first quarter. The Federal Reserve Bank slashed the federal funds rate to 0-0.25 percent and launched aggressive quantitative easing to support the economy while the government launched a \$2 trillion economic rescue package. Retail sales declined 0.5 percent in February, led by gas stations (held down by falling oil prices) and auto sales. Retail sales are up 4.3 percent versus a year ago. Existing home sales increased 6.5 percent in February, up 7.2 percent versus a year ago. February data mostly reflect sales contracts signed in December and January, before the effects of the virus and related restrictions on activity. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, decreased 1.1 percent in March and rose 3.4 percent during the first quarter.

The European Central Bank announced a new bond-buying program to shield the eurozone economy from the impact of the spreading coronavirus, kept its main interest rate at 0 percent, and kept its deposit rate unchanged at a minus 0.5 percent. The Bank of England cut its benchmark rate to 0.1 percent from 0.75 percent, announced a program to support lending to small- and mid-size businesses, and increased its bond-purchasing program to battle the economic destruction from the pandemic. The Bank of Japan pledged a significant increase in asset purchases, passed small business loan packages, and kept its short-term interest rate target unchanged at a minus 0.1 percent. The Bank of Canada lowered the benchmark interest rate from 0.75 percent to 0.25 percent and undertook quantitative easing in an effort to defend the economy from the impact of the coronavirus pandemic. China's industrial output declined 13.5 percent in the January-February period from a year earlier, compared with December's 6.9 percent increase. International equities, as measured by the MSCI EAFE Index, fell 13.3 percent in March and dove 22.8 percent during the first quarter.

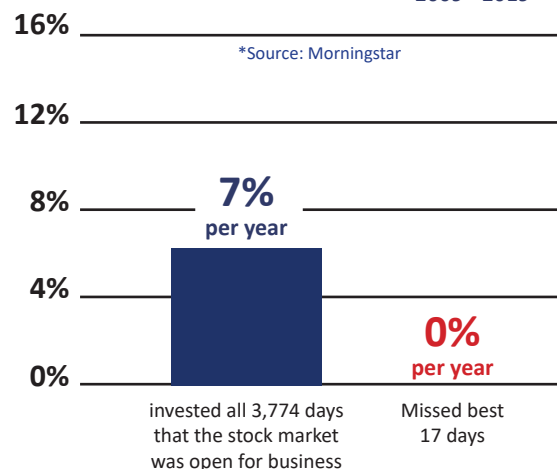
NOW WHAT DO WE DO?

Should we pull all of our money out of the market? A question such as this one is on the mind of many investors in the current market environment.

Reducing equity exposure when the markets are down has the effect of locking in the losses, and reduces opportunity for benefiting when the markets recover. The cost of timing the markets incorrectly can be dramatic, especially if some of the days that funds are on the sidelines end up being some of the strongest days of market returns on record. The chart illustrates the performance impact of missing just the 17 best days of market performance between 2005 and 2019.

As we stated in the October 2008 *Investment Perspective*, "With the market in turmoil and regardless of the reasons for it, the temptation is to find safe haven. This is good advice, but the safe haven may not be where you expect it to be. The safe haven is an investment plan that correctly addresses your [level of] comfort with risk, accurately assesses how soon you will need the money, and clearly states the purpose of the assets you have invested – as long as you have the discipline to stay there. Every plan should be reviewed periodically, and the lack of a plan is always sufficient cause for establishing one. A well-conceived and managed investment plan tolerates market activity and is not influenced by it."

Average annual return of the S&P 500*
2009 - 2019



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

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

Fund Performance Report

for the period ending March 31, 2020



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	0.2%	0.5%	0.5%	1.6%	1.1%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index</i>	0.5%	0.9%	0.9%	2.1%	1.4%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	0.2%	0.5%	0.5%	1.9%	1.8%	2.0%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(2.2)%	2.5%	2.5%	4.9%	3.4%	4.3%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(1.1)%	3.4%	3.4%	5.2%	3.5%	4.1%
Bond Fund	(3.3)%	1.4%	1.4%	4.8%	3.4%	4.3%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(1.1)%	3.4%	3.4%	5.2%	3.5%	4.1%
Treasury Inflation-Protected Securities Fund ²	(0.5)%	2.3%	2.3%	3.5%	3.1%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	(1.8)%	1.7%	1.7%	3.5%	2.7%	—
Bank Loans Fund ²	(13.2)%	(13.0)%	(13.0)%	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	(8.3)%	(9.9)%	(9.9)%	—	—	—
High Yield Bond Fund ²	(10.9)%	(11.7)%	(11.7)%	0.4%	2.5%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	(11.5)%	(12.7)%	(12.7)%	0.8%	2.8%	—
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	(14.2)%	(21.4)%	(21.4)%	1.6%	1.2%	5.5%
<i>S&P 500 Index</i>	(12.4)%	(19.6)%	(19.6)%	5.1%	6.7%	10.5%
Domestic Stock Large Cap Core Index Fund ⁴	(12.0)%	(19.1)%	(19.1)%	5.1%	—	—
<i>S&P 500 Index</i>	(12.4)%	(19.6)%	(19.6)%	5.1%	—	—
Domestic Stock Mid Cap Fund	(15.3)%	(23.7)%	(23.7)%	(3.7)%	(1.6)%	—
<i>Russell Midcap Index</i>	(19.5)%	(27.1)%	(27.1)%	(0.8)%	1.9%	—
Domestic Stock Growth Fund	(9.9)%	(16.2)%	(16.2)%	6.4%	6.3%	—
<i>Russell 1000 Growth Index</i>	(9.8)%	(14.1)%	(14.1)%	11.3%	10.4%	—
Domestic Stock Fund	(12.7)%	(20.0)%	(20.0)%	2.1%	2.5%	8.3%
<i>S&P 500 Index</i>	(12.4)%	(19.6)%	(19.6)%	5.1%	6.7%	10.5%
Small Cap Fund	(10.7)%	(18.2)%	(18.2)%	12.4%	11.6%	13.6%
<i>Russell 2000 Index</i>	(21.7)%	(30.6)%	(30.6)%	(4.6)%	(0.2)%	6.9%
INTERNATIONAL EQUITY						
International Stock Core Fund	(11.5)%	(19.0)%	(19.0)%	0.8%	0.9%	3.3%
<i>MSCI EAFE Index</i>	(13.3)%	(22.8)%	(22.8)%	(1.8)%	(0.6)%	2.7%
Emerging Markets Stock Fund ²	(22.6)%	(32.1)%	(32.1)%	(8.6)%	(3.1)%	—
<i>MSCI Emerging Markets Index</i>	(15.4)%	(23.6)%	(23.6)%	(1.6)%	(0.4)%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	(17.0)%	(25.9)%	(25.9)%	(9.7)%	(8.5)%	—
<i>Bloomberg Commodity Total Return Index</i>	(12.8)%	(23.3)%	(23.3)%	(8.6)%	(7.8)%	—
Public Real Estate Fund ²	(19.8)%	(22.2)%	(22.2)%	(1.7)%	(2.1)%	—
<i>S&P Developed Property Index</i>	(21.5)%	(27.2)%	(27.2)%	(2.6)%	(0.7)%	—
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	(12.8)%	(15.1)%	(15.1)%	(1.4)%	1.4%	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	(1.7)%	0.8%	0.8%	4.6%	4.2%	—
EQUITY AND FIXED INCOME						
Balanced Fund	(8.7)%	(11.5)%	(11.5)%	3.6%	3.3%	7.1%
<i>Blended Balanced Index</i> ⁵	(7.9)%	(10.8)%	(10.8)%	5.5%	5.7%	8.2%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund ²	(6.5)%	(7.2)%	(7.2)%	3.5%	2.9%	—
<i>Blended Income Index</i>	(5.4)%	(5.7)%	(5.7)%	4.2%	3.5%	—
BVI Income Fund	(6.8)%	(7.4)%	(7.4)%	—	—	—
<i>Blended SRI Income Index</i>	(6.1)%	(7.0)%	(7.0)%	—	—	—
Income & Growth Fund ²	(9.5)%	(12.7)%	(12.7)%	2.4%	2.7%	—
<i>Blended Income & Growth Index</i>	(8.0)%	(10.9)%	(10.9)%	3.5%	3.6%	—
BVI Income & Growth Fund	(8.2)%	(10.7)%	(10.7)%	3.6%	—	—
<i>Blended SRI Income & Growth Index</i>	(7.9)%	(10.7)%	(10.7)%	3.5%	—	—
Growth Fund ²	(11.0)%	(15.6)%	(15.6)%	1.8%	2.4%	—
<i>Blended Growth Index</i>	(9.2)%	(13.3)%	(13.3)%	3.1%	3.5%	—
BVI Growth Fund	(9.4)%	(13.7)%	(13.7)%	3.5%	3.3%	—
<i>Blended SRI Growth Index</i>	(9.8)%	(14.4)%	(14.4)%	2.9%	3.3%	—
Aggressive Growth Fund ²	(12.2)%	(17.5)%	(17.5)%	1.3%	2.1%	—
<i>Blended Aggressive Growth Index</i>	(10.0)%	(14.8)%	(14.8)%	2.8%	3.5%	—
BVI Aggressive Growth Fund	(11.0)%	(16.8)%	(16.8)%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	(11.6)%	(17.9)%	(17.9)%	—	—	—
U.S. INFLATION						
Consumer Price Index (February 2020)	0.3%	0.6%	0.6%	2.0%	2.0%	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.