

# Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

May 2020



**BFFI encourages all clients to use secure email to transmit sensitive data, such as bank account information.**

## MARKETS AND THE ECONOMY

While the U.S. GDP report reflected the impact of widespread disruptions to economic activity due to COVID-19, including business and school shutdowns, the forward-looking markets revealed more optimism and the S&P 500 Index rose 12.8 percent in April. The first estimate for Q1 real GDP growth is a minus 4.8 percent at an annual rate. The Federal Reserve pledged to use “its full range of tools to support the U.S. economy in this challenging time.” Payrolls plummeted in March with an even steeper drop expected in April. The unemployment rate rose to 4.4 percent in March from 3.5 percent in February. Income and spending fell off as layoffs increased. Personal income declined 2 percent in March, up 1.4 percent in the past year. Personal consumption declined 7.5 percent, down 3.8 percent in the past year. Existing home sales declined 8.5 percent in March, up 0.8 percent versus a year ago. Retail sales plummeted 8.7 percent in March, down 6.2 percent versus a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, increased 2.2 percent in April.

During the first quarter, the eurozone’s economy shrank by 14.4 percent on an annualized basis; France was among the hardest hit with a 21 percent annualized contraction. The eurozone unveiled aid to member countries to dull the shock of the coronavirus pandemic on their economies. The Bank of England injected further stimulus to combat the economic carnage from the pandemic, including cutting its benchmark interest rate from 0.25 to 0.1 percent, instituting a program to support lending to small- and mid-size businesses, and making plans to increase its bond portfolio. A two-month nationwide shutdown of all but essential businesses and the global spread of COVID-19 contributed largely to China’s GDP contracting 6.8 percent during the first quarter from the prior year. The Bank of Japan committed to more purchases of corporate bonds and unlimited government bond buying. International equities, as measured by the MSCI EAFE Index, increased 6.5 percent in April.

## SECURE EMAIL SERVICE AVAILABLE TO CLIENTS

Since email has become a likely target of unwanted and dangerous attacks that harvest private information, Brethren Foundation Funds offers clients a way to transmit sensitive data to BFFI in a secure manner.

BFFI uses Mimecast Secure Messaging to transmit secure email communications. Secure messages from BFFI will arrive with a “Secure Messaging Notification.” First-time users will receive a password via separate message to gain access to the secure message.

BFFI encourages all clients to use secure email to transmit sensitive data, such as bank account information. Contact Steve Lipinski (slipinski@cobbt.org or 847-622-3377) or Sherri Crowe (scrowe@cobbt.org or 847-622-3382) to request a secure email message. After gaining access to the message, clients can send sensitive data to BFFI securely by responding to the message.

Please contact Steve Lipinski or Sherri Crowe for assistance.

### Secure Messaging Notification



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View the message by clicking [here](#). It has been classified as sensitive and may only be accessed from within this Secure Messaging service.

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

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# Fund Performance Report

for the period ending April 30, 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
<b>SHORT-TERM</b>						
<b>Short-Term Fund</b>	0.2%	0.5%	0.7%	1.6%	1.1%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index</i>	0.0%	0.8%	0.9%	2.1%	1.4%	0.8%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>1</sup>	0.2%	0.5%	0.7%	1.9%	1.8%	2.0%
<i>No Benchmark</i>	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	3.0%	3.0%	5.6%	5.7%	4.2%	4.5%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	2.2%	3.2%	5.7%	5.7%	4.1%	4.2%
<b>Bond Fund</b>	3.3%	2.2%	4.7%	5.6%	4.2%	4.5%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	2.2%	3.2%	5.7%	5.7%	4.1%	4.2%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>2</sup>	2.8%	3.5%	5.2%	4.3%	3.6%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	2.8%	2.4%	4.5%	4.2%	3.1%	—
<b>Bank Loans Fund</b> <sup>2</sup>	5.2%	(9.3)%	(8.5)%	—	—	—
<i>S&amp;P/LSTA U.S. Leveraged Loan 100 Index</i>	3.3%	(7.1)%	(6.9)%	—	—	—
<b>High Yield Bond Fund</b> <sup>2</sup>	4.6%	(7.6)%	(7.6)%	1.6%	3.2%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	4.5%	(8.8)%	(8.8)%	1.9%	3.4%	—
<b>Global Aggregate Fixed Income Fund</b> <sup>2,3</sup>	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Large Cap Core Fund</b>	13.7%	(9.8)%	(10.7)%	5.8%	3.4%	6.8%
<i>S&amp;P 500 Index</i>	12.8%	(9.3)%	(9.3)%	9.0%	9.1%	11.7%
<b>Domestic Stock Large Cap Core Index Fund</b> <sup>1</sup>	12.5%	(8.9)%	(9.0)%	9.0%	—	—
<i>S&amp;P 500 Index</i>	12.8%	(9.3)%	(9.3)%	9.0%	—	—
<b>Domestic Stock Mid Cap Fund</b>	10.1%	(14.8)%	(16.0)%	(1.3)%	0.1%	—
<i>Russell Midcap Index</i>	14.4%	(15.9)%	(16.6)%	3.5%	4.8%	—
<b>Domestic Stock Growth Fund</b>	12.5%	(6.9)%	(5.7)%	10.2%	8.7%	—
<i>Russell 1000 Growth Index</i>	14.8%	(3.5)%	(1.4)%	15.7%	13.3%	—
<b>Domestic Stock Fund</b>	11.9%	(10.4)%	(10.5)%	5.4%	4.6%	9.3%
<i>S&amp;P 500 Index</i>	12.8%	(9.3)%	(9.3)%	9.0%	9.1%	11.7%
<b>Small Cap Fund</b>	10.2%	(8.6)%	(9.8)%	15.4%	14.2%	14.2%
<i>Russell 2000 Index</i>	13.7%	(18.5)%	(21.1)%	(0.8)%	2.9%	7.7%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	6.4%	(12.5)%	(13.8)%	1.9%	1.2%	4.1%
<i>MSCI EAFE Index</i>	6.5%	(16.1)%	(17.8)%	(0.6)%	(0.2)%	3.5%
<b>Emerging Markets Stock Fund</b> <sup>2</sup>	13.1%	(18.3)%	(23.2)%	(4.9)%	(2.6)%	—
<i>MSCI Emerging Markets Index</i>	9.2%	(12.5)%	(16.6)%	0.6%	(0.1)%	—
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund</b> <sup>2</sup>	(0.8)%	(20.3)%	(26.4)%	(9.4)%	(9.4)%	—
<i>Bloomberg Commodity Total Return Index</i>	(1.5)%	(18.5)%	(24.5)%	(8.6)%	(9.1)%	—
<b>Public Real Estate Fund</b> <sup>2</sup>	5.9%	(19.8)%	(17.6)%	(0.5)%	(0.5)%	—
<i>S&amp;P Developed Property Index</i>	7.3%	(22.5)%	(21.8)%	(0.7)%	0.9%	—
<b>Multi-Strategy Hedge Fund</b> <sup>2,3</sup>	—	—	—	—	—	—
<i>60% S&amp;P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
<b>Global Inflation Protection Fund</b> <sup>2</sup>	6.0%	(10.1)%	(9.9)%	0.5%	2.0%	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	2.2%	1.5%	3.0%	5.1%	4.5%	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	8.7%	(4.6)%	(3.8)%	6.1%	4.9%	7.8%
<i>Blended Balanced Index</i> <sup>4</sup>	8.6%	(4.1)%	(3.2)%	8.1%	7.4%	8.9%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund</b> <sup>2,3</sup>	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
<b>Income Fund</b> <sup>2</sup>	5.4%	(3.2)%	(2.2)%	4.9%	3.8%	—
<i>Blended Income Index</i>	5.2%	(2.0)%	(0.9)%	5.6%	4.5%	—
<b>BVI Income Fund</b>	5.7%	(3.2)%	(2.1)%	—	—	—
<i>Blended SRI Income Index</i>	5.6%	(2.7)%	(1.8)%	—	—	—
<b>Income &amp; Growth Fund</b> <sup>2</sup>	7.1%	(6.5)%	(6.5)%	4.3%	3.7%	—
<i>Blended Income &amp; Growth Index</i>	6.9%	(5.1)%	(4.7)%	5.4%	4.6%	—
<b>BVI Income &amp; Growth Fund</b>	6.9%	(5.1)%	(4.6)%	5.4%	—	—
<i>Blended SRI Income &amp; Growth Index</i>	6.9%	(5.0)%	(4.6)%	5.4%	—	—
<b>Growth Fund</b> <sup>2</sup>	8.0%	(8.4)%	(8.9)%	3.9%	3.5%	—
<i>Blended Growth Index</i>	7.7%	(6.6)%	(6.6)%	5.2%	4.6%	—
<b>BVI Growth Fund</b>	7.8%	(6.9)%	(6.9)%	5.6%	4.6%	—
<i>Blended SRI Growth Index</i>	8.2%	(7.3)%	(7.4)%	5.1%	4.5%	—
<b>Aggressive Growth Fund</b> <sup>2</sup>	8.5%	(9.7)%	(10.5)%	3.6%	3.2%	—
<i>Blended Aggressive Growth Index</i>	8.2%	(7.6)%	(7.8)%	5.1%	4.7%	—
<b>BVI Aggressive Growth Fund</b>	9.0%	(8.9)%	(9.3)%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	9.4%	(9.6)%	(10.2)%	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index (March 2020)</b> <sup>4</sup>	(0.2)%	0.4%	0.4%	1.9%	1.8%	1.7%

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