

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

March 2019



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.



MARKETS AND THE ECONOMY

Increasing optimism toward a U.S.-China trade deal and a suspension in interest rate increases by the Federal Reserve Bank contributed to the S&P 500 Index rising 3.2 percent in February. Business investment and consumer spending drove real GDP growth to a 2.6 percent annual rate in the fourth quarter, up 3.1 percent compared with a year ago. The Federal Reserve made no change in benchmark interest rates as it paused to assess the U.S. economy in light of recent unrest in the financial markets and slower growth in China and the eurozone. A 3.1 percent decline in energy prices helped tame the Consumer Price Index to a 0.2 percent rise in January; the CPI is up 1.6 percent from a year ago. Personal income declined 0.1 percent in January, up 4.3 percent in the past year. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, ticked down 0.1 percent in February.

Fueled by personal spending and capital expenditures, Japan's economy, the world's third largest, grew at an annualized rate of 1.4 percent during the fourth quarter. This was a stark reversal of the prior quarter's contraction at an annualized pace of 2.6 percent, which was due in part to a typhoon and an earthquake. As it charts its exit from the European Union, the United Kingdom's economy expanded 1.3 percent during the fourth quarter over the same period of the prior year, down from the third quarter's 1.6 percent year-over-year growth. Unemployment in the eurozone during January stood at 7.8 percent, unchanged from December revised figures. An increase in energy prices in the eurozone contributed to inflation rising 1.5 percent in February over the same month in 2018. China's manufacturing activity contracted during February. Brazil's economy grew 1.1 percent during 2018. Citing a drop in inflationary pressures and a global economic slowdown, India's Central Bank cut its key lending rate from 6.5 percent to 6.25 percent. International equities, as measured by the MSCI EAFE Index, rose 2.5 percent in February.

HARNESS THE POWER OF THE PORTAL

As of the end of February, 81 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 also 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.

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Anyone interested in gaining access to the client portal or receiving assistance with its use can contact Steve Lipinski at slipinski@cobbt.org or 847-622-3377, or Sherri Crowe at scrowe@cobbt.org or 847-622-3382.

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

Fund Performance Report

for the period ending February 28, 2019



All periods longer than one year are annualized.

Performance Report

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%	0.6%	0.4%	1.0%	0.7%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index¹</i>	0.2%	0.6%	0.4%	1.3%	0.9%	0.5%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund²	0.1%	0.4%	0.3%	1.6%	1.7%	2.0%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	0.0%	3.1%	1.3%	2.2%	2.5%	4.8%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.1)%	3.0%	1.1%	1.8%	2.3%	3.8%
Bond Fund	0.1%	3.0%	1.5%	2.4%	2.6%	4.9%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.1)%	3.0%	1.1%	1.8%	2.3%	3.8%
Treasury Inflation-Protected Securities Fund³	0.5%	2.0%	1.6%	2.6%	1.8%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	0.0%	1.9%	1.3%	1.7%	1.5%	—
Bank Loans Fund³	1.4%	1.2%	3.6%	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	2.0%	2.3%	5.6%	—	—	—
High Yield Bond Fund³	2.1%	3.4%	6.2%	8.6%	4.2%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	1.7%	4.0%	6.3%	9.8%	4.5%	—
Global Aggregate Fixed Income Fund^{3,4}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	3.1%	1.2%	11.8%	12.9%	4.2%	11.1%
<i>S&P 500 Index</i>	3.2%	1.4%	11.5%	15.3%	10.7%	16.7%
Domestic Stock Large Cap Core Index Fund⁵	2.9%	1.2%	10.8%	14.8%	—	—
<i>S&P 500 Index</i>	3.2%	1.4%	11.5%	15.3%	—	—
Domestic Stock Mid Cap Fund	6.4%	7.1%	19.3%	6.8%	3.2%	—
<i>Russell Midcap Index</i>	4.3%	4.1%	15.5%	14.5%	8.6%	—
Domestic Stock Growth Fund	4.2%	2.6%	12.0%	14.3%	9.3%	—
<i>Russell 1000 Growth Index</i>	3.6%	3.2%	12.9%	18.0%	12.6%	—
Domestic Stock Fund	4.6%	3.7%	14.2%	11.7%	6.0%	13.9%
<i>S&P 500 Index</i>	3.2%	1.4%	11.5%	15.3%	10.7%	16.7%
Small Cap Fund	10.4%	6.6%	18.7%	24.6%	16.0%	21.0%
<i>Russell 2000 Index</i>	5.2%	3.1%	17.0%	16.7%	7.4%	16.6%
INTERNATIONAL EQUITY						
International Stock Core Fund	3.6%	3.1%	9.4%	9.3%	2.2%	9.2%
<i>MSCI EAFE Index</i>	2.5%	4.0%	9.3%	9.3%	2.1%	9.6%
Emerging Markets Stock Fund³	0.8%	5.2%	8.0%	17.2%	4.3%	—
<i>MSCI Emerging Markets Index</i>	0.2%	6.1%	9.0%	15.0%	4.1%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund³	2.2%	1.5%	8.2%	4.3%	(9.5)%	—
<i>Bloomberg Commodity Total Return Index</i>	1.0%	(0.8)%	6.5%	3.6%	(8.8)%	—
Public Real Estate Fund³	0.7%	5.2%	11.1%	6.5%	4.6%	—
<i>S&P Developed Property Index</i>	(0.2)%	4.8%	10.4%	8.7%	6.8%	—
Multi-Strategy Hedge Fund^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund³	1.1%	3.8%	5.4%	9.2%	—	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	0.3%	2.2%	1.6%	3.6%	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	2.8%	4.0%	9.1%	8.1%	4.8%	10.5%
<i>Blended Balanced Index⁶</i>	1.9%	2.3%	7.3%	9.9%	7.2%	11.6%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund^{3,4}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund³	1.5%	2.8%	5.0%	6.4%	—	—
<i>Blended Income Index</i>	0.9%	3.1%	4.5%	5.7%	—	—
BVI Income Fund	1.4%	2.9%	4.9%	—	—	—
<i>Blended SRI Income Index</i>	1.0%	3.2%	4.9%	—	—	—
Income & Growth Fund³	2.1%	3.1%	6.9%	9.4%	4.3%	—
<i>Blended Income & Growth Index</i>	1.5%	3.1%	6.4%	8.1%	4.8%	—
BVI Income & Growth Fund	2.3%	3.1%	7.0%	7.9%	—	—
<i>Blended SRI Income & Growth Index</i>	1.4%	3.2%	6.4%	7.9%	—	—
Growth Fund³	2.5%	3.2%	7.9%	10.7%	4.6%	—
<i>Blended Growth Index</i>	1.7%	3.1%	7.4%	9.2%	5.2%	—
BVI Growth Fund	3.1%	3.2%	8.6%	9.5%	—	—
<i>Blended SRI Growth Index</i>	1.9%	3.1%	7.8%	9.6%	—	—
Aggressive Growth Fund³	2.8%	3.2%	8.7%	11.7%	4.6%	—
<i>Blended Aggressive Growth Index</i>	1.9%	3.0%	8.0%	10.1%	5.6%	—
BVI Aggressive Growth Fund	3.7%	3.0%	10.3%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	2.3%	3.1%	9.3%	—	—	—
U.S. INFLATION						
Consumer Price Index (January 2019)⁷	0.2%	(0.5)%	(0.1)%	2.0%	1.5%	1.8%

¹Changed May 1, 2009. ²10-year blended with 90-day Treasury Bill. ³CDIF interest accrues on a daily basis. ⁴These 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. ⁵No assets invested in this fund. ⁶Expected to match benchmark gross of fees. Typically, will not match benchmark net of fees and due to required cash position. ⁷Weighted average of the S&P 500 Index (60 percent) and the Bloomberg Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁸Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted.