

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

November 2020



MARKETS AND THE ECONOMY

The failure of Congress to pass a relief bill and fears of a resurgence of the coronavirus contributed to the S&P 500 Index declining 2.7 percent in October. The first estimate for Q3 real GDP growth is 33.1 percent at an annual rate, the fastest pace for any quarter since World War II. The largest positive contribution was consumer spending, and the largest drag was net exports. Real GDP is down 2.9 percent from a year ago. Personal income rose 0.9 percent in September, up 6.2 percent in the past year. Personal consumption rose 1.4 percent in September, led by autos, clothing, and footwear; spending has declined 0.6 percent in the past year. New single-family home sales declined 3.5 percent in September; sales are up 32.1 percent from a year ago. Existing home sales increased 9.4 percent in September; record low 30-year fixed mortgage rates are boosting affordability. Sales are up 20.9 percent versus a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, decreased 0.6 percent in October.

In the third quarter, the eurozone economy expanded 12.7 percent compared with the previous quarter, and is down 4.3 percent compared with the third quarter of 2019. Inflation in the eurozone fell to an annualized minus 0.3 percent in September 2020, down from an annualized rate of minus 0.2 percent in August. The European Central Bank signaled it intends to inject additional monetary stimulus as a rise in coronavirus infections threatens to undermine the region's nascent economic recovery. The Bank of England is weighing the merits of subzero interest rates to counter a softening economy during the coronavirus pandemic. China's economy showed strength on several fronts. Its gross domestic product expanded 4.9 percent in the third quarter from a year ago, the unemployment rate decreased to 5.4 percent in September from the previous month, and retail sales increased 3.3 percent in September over the prior year. International equities, as measured by the MSCI EAFE Index, fell 4 percent in October.

BFI HIRES NEW STAFF MEMBER



On Oct. 26, Dan Radcliff began his duties as Client Manager for Brethren Foundation. As Client Manager, Dan will serve to deepen and broaden the scope of service that Brethren Foundation Funds provides for current and prospective clients. In this role, he will provide operational support for the Manager of Brethren Foundation Operations, and field support for the Director of Brethren Foundation. Dan fills the vacancy created when Sherri Crowe moved from this position to Manager of Brethren Foundation Operations, which was vacant due to the retirement of Steve Lipinski.

Dan earned a Bachelor of Arts in Management and Leadership degree from Judson University. Dan's previous employment includes the following — Financial Adviser with Edward Jones, Private Client Banker with JPMorgan Chase, Relationship Banker with JPMorgan Chase, and Client Service Analyst with JPMorgan Chase. Dan has served in a variety of capacities in the Church of the Brethren and affiliated agencies, ranging from Sunday school teacher to camp board member. Dan and his family live in Woodstock, Illinois.

Dan can be contacted at dradcliff@cobbt.org and 847-622-3363.



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 October 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	0.0%	0.0%	0.8%	1.5%	1.1%	0.9%
<i>ICE BofAML 6-Month Treasury Bill Index</i>	0.0%	0.0%	1.0%	1.9%	1.4%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	0.2%	0.5%	1.8%	1.9%	1.8%	1.9%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(0.7)%	(1.7)%	8.4%	5.9%	4.8%	4.1%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.6)%	(1.8)%	7.4%	5.6%	4.5%	3.8%
Bond Fund	(0.6)%	(1.5)%	7.7%	5.8%	4.9%	4.1%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(0.6)%	(1.8)%	7.4%	5.6%	4.5%	3.8%
Treasury Inflation-Protected Securities Fund ²	(0.9)%	0.6%	8.9%	5.4%	4.9%	3.1%
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	(0.6)%	0.1%	8.5%	5.5%	4.4%	3.2%
Bank Loans Fund ²	0.2%	2.3%	(0.6)%	2.5%	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	(0.4)%	0.9%	(0.9)%	3.0%	—	—
High Yield Bond Fund ²	1.2%	1.4%	2.8%	4.0%	5.9%	6.0%
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	0.5%	0.4%	1.1%	4.2%	6.3%	6.3%
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Index Fund ⁴	(2.6)%	0.3%	3.2%	10.5%	—	—
<i>S&P 500 Index</i>	(2.7)%	0.4%	2.8%	10.4%	—	—
Domestic Stock Mid Cap Fund	0.7%	1.5%	(5.5)%	(0.5)%	3.2%	10.2%
<i>Russell Midcap Index</i>	0.6%	2.1%	(1.7)%	6.8%	9.0%	11.4%
Domestic Stock Growth Fund	(2.2)%	1.8%	11.7%	13.4%	12.0%	—
<i>Russell 1000 Growth Index</i>	(3.4)%	1.6%	20.1%	18.8%	17.3%	—
Domestic Stock Fund	(1.4)%	1.2%	2.8%	7.3%	8.5%	10.6%
<i>S&P 500 Index</i>	(2.7)%	0.4%	2.8%	10.4%	11.7%	13.0%
Small Cap Fund	(0.5)%	2.4%	5.8%	15.4%	18.0%	15.7%
<i>Russell 2000 Index</i>	2.1%	4.2%	(6.8)%	2.2%	7.3%	9.6%
INTERNATIONAL EQUITY						
International Stock Core Fund	(3.0)%	0.5%	(0.4)%	3.1%	5.9%	5.0%
<i>MSCI EAFE Index</i>	(4.0)%	(1.7)%	(10.8)%	(1.2)%	2.8%	3.8%
Emerging Markets Stock Fund ²	2.1%	0.1%	(13.9)%	(4.7)%	4.4%	(0.9)%
<i>MSCI Emerging Markets Index</i>	2.1%	2.6%	0.9%	1.9%	7.9%	2.4%
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	1.5%	5.8%	(7.1)%	(3.2)%	(1.4)%	(6.3)%
<i>Bloomberg Commodity Total Return Index</i>	1.0%	4.6%	(10.8)%	(4.4)%	(2.7)%	(6.4)%
Public Real Estate Fund ²	(2.4)%	(3.4)%	(14.2)%	0.2%	0.8%	—
<i>S&P Developed Property Index</i>	(3.0)%	(2.9)%	(19.5)%	(1.1)%	1.9%	—
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	(0.7)%	(1.8)%	(3.0)%	1.2%	5.5%	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	(0.2)%	1.1%	8.0%	6.4%	5.6%	—
EQUITY AND FIXED INCOME						
Balanced Fund	(1.1)%	0.2%	6.2%	7.5%	7.5%	8.4%
<i>Blended Balanced Index</i> ⁵	(1.8)%	(0.4)%	5.2%	8.9%	9.1%	9.5%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund ²	(1.3)%	(0.8)%	4.6%	5.6%	6.1%	—
<i>Blended Income Index</i>	(1.2)%	(1.0)%	4.9%	5.9%	6.0%	—
BVI Income Fund	(1.3)%	(0.7)%	5.1%	—	—	—
<i>Blended SRI Income Index</i>	(1.3)%	(0.9)%	4.5%	—	—	—
Income & Growth Fund ²	(1.2)%	(0.1)%	2.9%	5.3%	7.0%	—
<i>Blended Income & Growth Index</i>	(1.6)%	(0.5)%	3.2%	6.0%	6.9%	—
BVI Income & Growth Fund	(1.5)%	(0.3)%	4.1%	6.1%	7.1%	—
<i>Blended SRI Income & Growth Index</i>	(1.6)%	(0.6)%	3.2%	5.9%	6.8%	—
Growth Fund ²	(1.2)%	0.2%	1.5%	5.0%	7.2%	—
<i>Blended Growth Index</i>	(1.8)%	(0.3)%	2.3%	5.9%	7.2%	—
BVI Growth Fund	(1.7)%	0.1%	3.4%	6.4%	7.8%	—
<i>Blended SRI Growth Index</i>	(1.9)%	(0.3)%	1.9%	5.9%	7.3%	—
Aggressive Growth Fund ²	(1.3)%	0.5%	0.7%	4.8%	7.4%	—
<i>Blended Aggressive Growth Index</i>	(1.9)%	0.0%	1.8%	5.9%	7.5%	—
BVI Aggressive Growth Fund	(2.0)%	0.3%	2.2%	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	(2.2)%	(0.1)%	0.4%	—	—	—
U.S. INFLATION						
Consumer Price Index (September 2020) ⁶	0.1%	1.0%	1.2%	1.8%	1.8%	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.