

Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

June 2019

MARKETS AND THE ECONOMY

Escalating trade tensions and uncertainty over the fate of trade talks with China contributed to the S&P 500 Index declining 6.4 percent in May. The second quarter got off to a strong start for consumers with rising personal incomes and spending in April. Personal income rose 0.5 percent in April, up 3.9 percent in the past year. Personal consumption rose 0.3 percent in April, up 4.3 percent in the past year. Real GDP growth was revised lower for the first quarter to a 3.1 percent annual rate from a prior estimate of 3.2 percent; business investment and net exports were revised down slightly while personal consumption was revised up slightly. After three months of gains, new single-family home sales declined 6.9 percent in April, up 7 percent from a year ago. Existing home sales declined 0.4 percent in April, down 4.4 percent versus a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, ticked up 2 percent in May.

Public investment contributed to Japan's economy growing at an annualized rate of 2.1 percent during the first quarter, up from the prior quarter's annualized rate of 1.6 percent. China's manufacturing activity slipped into contraction territory in May, due in part to declining orders for export. Manufacturing in the eurozone ticked up in May, but weaker demand from China and the U.K. continue to be a headwind. Germany's unemployment rate ticked up to 5 percent in May from 4.9 percent in April. Canada's GDP rose at a 0.4 percent annualized rate in the first quarter, up from the prior quarter's annualized rate of 0.3 percent; this was in part due to gains in household spending and business investment, offset by a drop in exports. Canada's central bank held interest rates steady, citing risks of uncertain global outlook. Brazil's economy shrank 0.2 percent in the first quarter from the previous quarter; mining and capital investment declined. Mexico's central bank left its overnight interest rate unchanged at 8.25 percent. International equities, as measured by the MSCI EAFE Index, dropped 4.8 percent in May.

BROTHERS FOUNDATION FUNDS REMINDERS

Is your list of authorized individuals up to date? Regularly check the list of individuals authorized by your organization or congregation to receive information from or conduct business with BFFI, and update it as needed. BFFI recommends that at least two individuals be authorized on each account. Keeping this list current will minimize delays with transactions while paperwork is updated and reduce the opportunity for unauthorized transactions.

Does BFFI have your email address? BFFI maintains a directory of email addresses for the primary contacts of organizational clients, so that organizations can be quickly contacted when the need arises. If you are the primary contact, please notify BFFI promptly when any email address changes occur.

Have you registered for online account access? BFFI recommends that clients use the client portal, which offers online access to account information. Those who use the client portal have the earliest access to monthly statements and the latest issue of *Investment Perspective*. With proper authorization, online users can initiate transactions electronically, review account activity and performance data for their accounts, generate reports for custom date ranges, and export data in spreadsheet or PDF format.

Are you using the latest BFFI forms? Anyone not using the client portal should use the latest BFFI forms, which are available for download on the BFFI website at cobbt.org/asset-management-forms. These downloaded forms may be completed on the screen and saved to your computer. Print or electronic copies are also available upon request. Please use only the latest versions.

Please contact Steve Lipinski (847-622-3377 or slipinski@cobbt.org) or Sherri Crowe (847-622-3382 or scrowe@cobbt.org) for assistance with items listed above.

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



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Fund Performance Report

for the period ending May 31, 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%	1.0%	1.2%	0.8%	0.9%
ICE BofAML 6-Month Treasury Bill Index	0.2%	0.7%	1.1%	1.5%	1.0%	0.6%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	0.2%	0.5%	0.8%	1.7%	1.7%	2.0%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	2.0%	4.3%	5.6%	2.8%	2.9%	4.7%
Bloomberg Barclays U.S. Government/Credit Bond Index	2.0%	4.2%	5.3%	2.6%	2.8%	4.0%
Bond Fund	2.1%	4.8%	6.4%	3.1%	3.1%	4.9%
Bloomberg Barclays U.S. Government/Credit Bond Index	2.0%	4.2%	5.3%	2.6%	2.8%	4.0%
Treasury Inflation-Protected Securities Fund ²	1.2%	3.1%	4.8%	3.1%	1.8%	—
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	1.7%	3.9%	5.3%	2.5%	1.6%	—
Bank Loans Fund ²	(0.1)%	1.4%	5.1%	—	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	(0.7)%	0.9%	6.6%	—	—	—
High Yield Bond Fund ²	(0.6)%	2.3%	8.6%	6.7%	4.2%	—
Bloomberg Barclays U.S. Corporate High Yield Bond Index	(1.2)%	1.2%	7.5%	7.0%	4.4%	—
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	(6.5)%	(2.2)%	9.3%	9.6%	2.7%	8.8%
S&P 500 Index	(6.4)%	(0.7)%	10.7%	11.7%	9.7%	13.9%
Domestic Stock Large Cap Core Index Fund ⁴	(6.2)%	(0.4)%	10.4%	11.5%	—	—
S&P 500 Index	(6.4)%	(0.7)%	10.7%	11.7%	—	—
Domestic Stock Mid Cap Fund	(5.8)%	(1.0)%	18.1%	3.9%	2.6%	—
Russell Midcap Index	(6.1)%	(1.7)%	13.5%	9.9%	7.9%	—
Domestic Stock Growth Fund	(7.2)%	(1.9)%	9.9%	10.1%	8.7%	—
Russell 1000 Growth Index	(6.3)%	0.7%	13.7%	15.3%	12.3%	—
Domestic Stock Fund	(6.5)%	(1.4)%	12.6%	8.3%	5.2%	11.7%
S&P 500 Index	(6.4)%	(0.7)%	10.7%	11.7%	9.7%	13.9%
Small Cap Fund	(6.3)%	2.1%	21.2%	21.0%	16.5%	18.6%
Russell 2000 Index	(7.8)%	(6.6)%	9.3%	9.8%	6.7%	12.8%
INTERNATIONAL EQUITY						
International Stock Core Fund	(6.0)%	(1.9)%	7.3%	5.4%	1.3%	6.2%
MSCI EAFE Index	(4.8)%	(1.5)%	7.6%	5.8%	1.3%	6.2%
Emerging Markets Stock Fund ²	(5.8)%	(5.0)%	2.6%	11.1%	1.3%	—
MSCI Emerging Markets Index	(7.3)%	(4.5)%	4.1%	9.9%	1.8%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	(2.3)%	(1.9)%	6.2%	(1.3)%	(10.2)%	—
Bloomberg Commodity Total Return Index	(3.4)%	(3.9)%	2.3%	(1.7)%	(9.5)%	—
Public Real Estate Fund ²	(2.0)%	0.1%	11.2%	3.7%	3.2%	—
S&P Developed Property Index	(0.1)%	2.0%	12.7%	6.1%	5.8%	—
Multi-Strategy Hedge Fund ^{2,3}	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
Global Inflation Protection Fund ²	(1.0)%	(0.2)%	5.2%	6.3%	—	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	1.3%	3.3%	5.0%	4.2%	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	(3.1)%	1.1%	10.3%	6.5%	4.6%	9.2%
Blended Balanced Index ⁵	(3.0)%	1.4%	8.7%	8.2%	7.1%	10.1%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
Blended Conservative Index	—	—	—	—	—	—
Income Fund ²	(1.4)%	1.9%	7.0%	5.1%	—	—
Blended Income Index	(0.8)%	2.2%	6.8%	5.0%	—	—
BVI Income Fund	(1.0)%	2.5%	7.5%	—	—	—
Blended SRI Income Index	(1.2)%	2.0%	7.0%	—	—	—
Income & Growth Fund ²	(2.7)%	0.7%	7.6%	7.1%	3.8%	—
Blended Income & Growth Index	(2.4)%	1.1%	7.5%	6.5%	4.5%	—
BVI Income & Growth Fund	(2.3)%	1.7%	8.8%	6.4%	—	—
Blended SRI Income & Growth Index	(2.4)%	1.1%	7.6%	6.3%	—	—
Growth Fund ²	(3.5)%	0.0%	8.0%	7.8%	3.9%	—
Blended Growth Index	(3.2)%	0.5%	7.9%	7.1%	4.7%	—
BVI Growth Fund	(3.6)%	0.9%	9.6%	7.4%	—	—
Blended SRI Growth Index	(3.6)%	0.2%	8.1%	7.3%	—	—
Aggressive Growth Fund ²	(4.2)%	(0.6)%	8.1%	8.4%	3.7%	—
Blended Aggressive Growth Index	(3.7)%	0.1%	8.1%	7.7%	5.0%	—
BVI Aggressive Growth Fund	(4.7)%	0.1%	10.4%	—	—	—
Blended SRI Aggressive Growth Index	(4.7)%	(0.6)%	8.6%	—	—	—
U.S INFLATION						
Consumer Price Index (April 2019) ⁶	0.5%	1.5%	1.4%	2.2%	1.5%	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.