



# Investment Perspective

FROM BRETHERN FOUNDATION FUNDS

JUNE 2017

## MARKETS AND THE ECONOMY

U.S. equities continue to perform well and the S&P 500 Index achieved closing highs in May, ending up 1.4 percent for the month. Real GDP grew at a 1.2 percent annual rate in the first quarter, an upward revision from the previous estimate of 0.7 percent. Most of the upward revision was due to consumer spending as well as business investment, while inventories were revised down. The unemployment rate ticked down to 4.3 percent in May from 4.4 percent in April; the largest gains were for education and healthcare. Rising wages pushed incomes higher to start the second quarter, while spending increased the most in April for any month so far this year. Personal income and personal consumption both increased 0.4 percent in April. Personal income is up 3.6 percent in the past year, while personal spending is up 4.3 percent. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, increased 0.8 percent in May.

GDP in the Eurozone grew at an annualized rate of 1.8 percent in the first quarter; domestic demand was the largest contributor. Japan's GDP during the first quarter grew at an annualized rate of 2.2 percent, up from a revised 1.4 percent annualized rate in the previous quarter on stronger exports and private consumption. Japan's unemployment rate in April remains unchanged at 2.8 percent. Moody's Investors Service cut China's sovereign credit rating, citing expectations that the country's financial strength will deteriorate in the coming years as debt continues to rise and the economy slows. India's economy grew at an annualized rate of 6.1 percent during the first quarter from a year earlier. Brazil's central bank cut its benchmark interest rate one percentage point to 10.25 percent from 11.25 percent as the country's economy continues to struggle and remains below target inflation. International equities, as measured by the MSCI EAFE Index, rose 3.7 percent in May.

## BRETHERN 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 page at [cobbt.org/asset-management-forms](http://cobbt.org/asset-management-forms). These downloaded forms may be completed on the screen and saved to your computer. Print or email copies are also available upon request. Please use only the latest versions.

**Who should you contact for assistance?** Please contact **Steve Lipinski**, manager of Brethren Foundation operations, at 847-622-3377 or [slipinski@cobbt.org](mailto:slipinski@cobbt.org) for assistance with items listed above.

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

BFFI recommends that clients use the client portal, which offers online access to account information.



# Fund Performance Report

for the period ending May 31, 2017



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>	0.1%	0.2%	0.3%	0.4%	0.6%	1.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.1%	0.1%	0.3%	0.4%	0.3%	0.6%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>2</sup>	0.1%	0.3%	0.7%	1.6%	1.8%	2.3%
<i>No Benchmark</i>	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	0.9%	1.7%	2.7%	2.7%	2.7%	5.0%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	0.8%	1.6%	2.6%	2.6%	2.3%	4.5%
<b>Bond Fund</b>	1.1%	1.7%	3.0%	2.9%	2.9%	5.1%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	0.8%	1.6%	2.6%	2.6%	2.3%	4.5%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	0.1%	3.7%	5.2%	1.6%	0.4%	—
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	0.0%	0.5%	1.8%	1.1%	0.3%	—
<b>Bank Loans Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>S&amp;P/LSTA U.S. Leveraged Loan 100 Index</i>	—	—	—	—	—	—
<b>High Yield Bond Fund</b> <sup>3</sup>	0.8%	1.6%	4.7%	4.6%	7.3%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	0.9%	1.8%	4.8%	4.7%	7.3%	—
<b>Global Aggregate Fixed Income Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Large Cap Core Fund</b>	1.2%	1.1%	7.4%	1.0%	9.1%	4.1%
<i>S&amp;P 500 Index</i>	1.4%	2.6%	8.7%	10.1%	15.4%	6.9%
<b>Domestic Stock Large Cap Core Index Fund</b> <sup>5</sup>	1.3%	2.4%	8.3%	—	—	—
<i>S&amp;P 500 Index</i>	1.4%	2.6%	8.7%	—	—	—
<b>Domestic Stock Mid Cap Fund</b>	0.5%	4.6%	12.1%	4.8%	15.6%	—
<i>Russell Midcap Index</i>	0.9%	1.5%	6.9%	8.5%	15.1%	—
<b>Domestic Stock Growth Fund</b>	1.8%	3.5%	8.6%	8.2%	12.9%	—
<i>Russell 1000 Growth Index</i>	2.6%	6.2%	14.3%	11.9%	16.0%	—
<b>Domestic Stock Fund</b>	1.2%	3.2%	9.5%	5.1%	12.8%	6.8%
<i>S&amp;P 500 Index</i>	1.4%	2.6%	8.7%	10.1%	15.4%	6.9%
<b>Small Cap Fund</b>	1.9%	3.8%	10.1%	13.4%	13.8%	9.8%
<i>Russell 2000 Index</i>	(2.0)%	(0.8)%	1.5%	8.0%	14.0%	6.4%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	4.6%	12.0%	17.4%	2.0%	8.9%	1.4%
<i>MSCI EAFE Index</i>	3.7%	9.2%	14.0%	1.5%	10.2%	1.1%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	2.1%	5.5%	17.6%	1.4%	4.8%	—
<i>MSCI Emerging Markets Index</i>	3.0%	7.9%	17.3%	1.6%	4.5%	—
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund</b> <sup>3</sup>	(0.6)%	(4.6)%	(4.3)%	(15.5)%	(9.5)%	—
<i>Bloomberg Commodity Total Return Index</i>	(1.3)%	(5.4)%	(5.1)%	(14.6)%	(8.2)%	—
<b>Public Real Estate Fund</b> <sup>3</sup>	0.1%	(0.3)%	3.9%	1.7%	6.5%	—
<i>S&amp;P Developed Property Index</i>	1.2%	1.5%	5.6%	5.4%	10.4%	—
<b>Multi-Strategy Hedge Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>60% S&amp;P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
<b>Global Inflation Protection Fund</b> <sup>3</sup>	1.4%	2.5%	9.4%	—	—	—
<i>CPI + 5%</i> <sup>6</sup>	0.7%	1.9%	3.4%	—	—	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	1.2%	2.6%	6.9%	4.3%	8.9%	6.4%
<i>Blended Balanced Index</i> <sup>7</sup>	1.2%	2.2%	6.2%	7.2%	10.1%	6.3%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund</b> <sup>3</sup>	0.2%	0.3%	0.6%	—	—	—
<i>Blended Conservative Index</i>	0.1%	0.3%	0.5%	—	—	—
<b>Income Fund</b> <sup>3</sup>	1.5%	3.6%	6.5%	—	—	—
<i>Blended Income Index</i>	1.3%	2.8%	5.5%	—	—	—
<b>BVI Income Fund</b> <sup>4</sup>	—	—	—	—	—	—
<i>Blended SRI Income Index</i>	—	—	—	—	—	—
<b>Income &amp; Growth Fund</b> <sup>3</sup>	1.7%	4.0%	8.6%	3.5%	—	—
<i>Blended Income &amp; Growth Index</i>	1.6%	3.5%	7.2%	4.4%	—	—
<b>BVI Income &amp; Growth Fund</b>	1.8%	4.1%	8.2%	—	—	—
<i>Blended SRI Income &amp; Growth Index</i>	1.6%	3.5%	7.2%	—	—	—
<b>Growth Fund</b> <sup>3</sup>	1.9%	4.6%	9.9%	3.6%	—	—
<i>Blended Growth Index</i>	1.7%	3.9%	8.0%	4.7%	—	—
<b>BVI Growth Fund</b>	2.2%	5.2%	9.9%	—	—	—
<i>Blended SRI Growth Index</i>	1.8%	4.0%	8.4%	—	—	—
<b>Aggressive Growth Fund</b> <sup>3</sup>	2.1%	5.0%	10.9%	3.2%	—	—
<i>Blended Aggressive Growth Index</i>	1.8%	4.1%	8.6%	5.0%	—	—
<b>BVI Aggressive Growth Fund</b> <sup>4</sup>	—	—	—	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	—	—	—	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index</b> (April 2017) <sup>6</sup>	0.3%	0.7%	1.3%	1.0%	1.2%	1.7%

<sup>1</sup> Changed May 1, 2009. 10-year blended with 90-day Treasury Bill. <sup>2</sup> CDIF interest accrues on a daily basis. <sup>3</sup> These investment funds may not meet socially responsible investing guidelines because they are invested in mutual funds. All other investment funds must meet socially responsible investing guidelines. <sup>4</sup> No assets invested in this fund. <sup>5</sup> Expected to match benchmark gross of fees. Typically, will not match benchmark net of fees and due to required cash position. <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. <sup>7</sup> Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).