



This disclosure resource provides important information about BFFI and its processes, fees, investment options, and performance.

MARKETS AND THE ECONOMY

Low unemployment, strong consumer spending and modest inflation contributed to the S&P 500 Index rising 0.6 percent in June, up 3.4 percent over the 3-month period, and has increased 2.6 percent since Jan. 1. Personal income rose 0.4 percent in May; incomes have seen a healthy 4.0 percent gain over the past 12 months. On the spending side, personal consumption increased 0.2 percent in May, and is up 4.6 percent in the past year. Rising costs for gasoline and housing led the consumer price index 0.4 percent higher in May, continuing the uptrend in inflation that started in late 2015. Consumer prices are now up 2.8 percent in the past year. Lack of inventory continues to create headwinds as existing home sales declined 0.4 percent in May; sales are down 3.0 percent versus a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index declined 0.2 percent June, decreased 0.3 percent during the second quarter, and has fallen 1.9 percent since the beginning of the year.

The European Central Bank announced it would wind down its quantitative easing (bond purchases) program by the end of this year. In addition, it committed to maintaining its negative interest rates at current levels at least through the summer of 2019. Industrial production in the eurozone contracted in April, but was still up 1.7 percent from a year earlier. Activity in the services sector in the United Kingdom picked up in May. Japan's core consumer price index rose 0.7 percent from a year earlier in April. The Bank of Japan maintained its accommodative monetary policy in the face of persistently low inflation. With slowing business activity and retail sales as background, China's Central Bank left key short-term interest rates unchanged. In response to risks to its inflation outlook, India raised its main lending rate to 6.25 percent from 6 percent. International equities, as measured by the MSCI EAFE Index, decreased 1.2 percent in June, declined 1.2 percent during the second quarter, and is down 2.7 percent since the beginning of the year.

BBFI RELEASES ITS 2018 INFORMATION STATEMENT

Brethren Foundation Funds is pleased to announce the release of its *2018 Information Statement*. This disclosure resource provides important information about BFFI and its processes, fees, investment options, and performance. BFFI's audited financial statements for the 2017 calendar year are also included in the document.

The *2018 Information Statement* should be reviewed carefully. This year's edition has been updated to be consistent with changes made to BFFI's Investment Guidelines, provide a broadened discussion of investment risks, explain BFFI's 30 investment options (21 strategic and nine tactical options), and include an expanded definitions section, as well as copies of revised forms.

A printed copy of the *2018 Information Statement* is being sent with this issue of *Investment Perspective* to the primary contact for all organizational clients who have not registered to use BFFI's online services.

All organizational client representatives who have access to BFFI's client portal also have access to an electronic copy of the *2018 Information Statement* and will not be provided a printed copy, unless one is specifically requested.



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

Fund Performance Report

for the period ending June 30, 2018



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	0.1%	0.4%	0.6%	0.6%	0.5%	1.0%
Merrill Lynch 6-Month Treasury Bill Index ¹	0.2%	0.5%	0.8%	0.8%	0.6%	0.4%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.1%	0.4%	0.8%	1.6%	1.7%	2.2%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(0.3)%	(0.3)%	(2.0)%	2.0%	2.4%	4.3%
Bloomberg Barclays U.S. Government/Credit Bond Index	(0.2)%	(0.3)%	(1.9)%	1.8%	2.3%	3.8%
Bond Fund	(0.3)%	(0.6)%	(2.0)%	2.2%	2.6%	4.4%
Bloomberg Barclays U.S. Government/Credit Bond Index	(0.2)%	(0.3)%	(1.9)%	1.8%	2.3%	3.8%
Treasury Inflation-Protected Securities Fund ³	0.6%	1.0%	0.1%	2.5%	1.8%	—
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	0.4%	0.8%	(0.0)%	1.9%	1.7%	—
Bank Loans Fund ³	0.1%	0.8%	2.3%	—	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	0.0%	0.4%	1.8%	—	—	—
High Yield Bond Fund ³	0.2%	0.9%	(0.6)%	5.2%	5.5%	—
Bloomberg Barclays U.S. Corporate High Yield Bond Index	0.4%	1.0%	0.2%	5.5%	5.5%	—
Global Aggregate Fixed Income Fund ^{3,4}	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	0.4%	2.1%	(0.2)%	5.3%	6.8%	5.5%
S&P 500 Index	0.6%	3.4%	2.6%	11.9%	13.4%	10.2%
Domestic Stock Large Cap Core Index Fund ⁵	0.7%	3.6%	2.7%	—	—	—
S&P 500 Index	0.6%	3.4%	2.6%	—	—	—
Domestic Stock Mid Cap Fund	(0.9)%	0.1%	(1.6)%	4.3%	10.2%	—
Russell Midcap Index	0.7%	2.8%	2.3%	9.6%	12.2%	—
Domestic Stock Growth Fund	0.7%	5.2%	6.1%	9.6%	12.1%	—
Russell 1000 Growth Index	1.0%	5.8%	7.3%	15.0%	16.4%	—
Domestic Stock Fund	0.1%	2.7%	1.9%	7.0%	10.1%	8.6%
S&P 500 Index	0.6%	3.4%	2.6%	11.9%	13.4%	10.2%
Small Cap Fund	(0.6)%	4.6%	11.3%	20.4%	17.3%	15.0%
Russell 2000 Index	0.7%	7.8%	7.7%	11.0%	12.5%	10.6%
INTERNATIONAL EQUITY						
International Stock Core Fund	(1.0)%	(1.5)%	(1.1)%	5.2%	6.0%	3.1%
MSCI EAFE Index	(1.2)%	(1.2)%	(2.7)%	4.9%	6.4%	2.8%
Emerging Markets Stock Fund ³	(7.1)%	(9.7)%	(8.0)%	6.2%	4.5%	—
MSCI Emerging Markets Index	(4.2)%	(8.0)%	(6.7)%	5.6%	5.0%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ³	(4.0)%	0.7%	(1.1)%	(4.6)%	(7.3)%	—
Bloomberg Commodity Total Return Index	(3.5)%	0.4%	(0.0)%	(4.5)%	(6.4)%	—
Public Real Estate Fund ³	0.5%	3.3%	(1.7)%	3.6%	4.3%	—
S&P Developed Property Index	1.2%	4.6%	0.0%	7.0%	7.3%	—
Multi-Strategy Hedge Fund ^{3,4}	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
Global Inflation Protection Fund ³	(1.7)%	(2.4)%	(2.3)%	5.7%	—	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	0.6%	1.1%	1.2%	3.5%	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	(0.1)%	1.4%	0.3%	5.2%	7.2%	7.3%
Blended Balanced Index ⁶	0.3%	1.9%	0.9%	7.9%	9.0%	7.9%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{3,4}	—	—	—	—	—	—
Blended Conservative Index	—	—	—	—	—	—
Income Fund ³	(0.3)%	0.1%	(0.8)%	4.0%	—	—
Blended Income Index	(0.3)%	(0.0)%	(1.3)%	4.2%	—	—
BVI Income Fund ⁴	(0.4)%	(0.2)%	(1.3)%	—	—	—
Blended SRI Income Index	(0.3)%	0.0%	(1.2)%	—	—	—
Income & Growth Fund ³	(0.9)%	(0.5)%	(0.7)%	5.5%	—	—
Blended Income & Growth Index	(0.3)%	0.2%	(0.9)%	5.6%	—	—
BVI Income & Growth Fund	(0.4)%	0.3%	(0.4)%	5.3%	—	—
Blended SRI Income & Growth Index	(0.4)%	0.1%	(1.0)%	5.4%	—	—
Growth Fund ³	(1.1)%	(0.7)%	(0.6)%	6.1%	—	—
Blended Growth Index	(0.4)%	0.3%	(0.7)%	6.3%	—	—
BVI Growth Fund	(0.4)%	0.5%	0.3%	6.3%	—	—
Blended SRI Growth Index	(0.4)%	0.3%	(0.8)%	6.4%	—	—
Aggressive Growth Fund ³	(1.2)%	(0.7)%	(0.5)%	6.4%	—	—
Blended Aggressive Growth Index	(0.4)%	0.4%	(0.5)%	6.9%	—	—
BVI Aggressive Growth Fund ⁴	(0.4)%	0.7%	0.4%	—	—	—
Blended SRI Aggressive Growth Index	(0.5)%	0.4%	(0.6)%	—	—	—
U.S. INFLATION						
Consumer Price Index (May 2018) ⁷	(0.4)%	1.0%	2.0%	1.9%	1.6%	1.5%

¹Changed May 1, 2009. 10-year blended with 90-day Treasury Bill. ²CDIF interest accrues on a daily basis. ³These 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. ⁴No assets invested in this fund. ⁵Expected to match benchmark gross of fees. Typically will not match benchmark net of fees and due to required cash position. ⁶Weighted average of the S&P 500 Index (60 percent) and the Bloomberg Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁷Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted.

Performance Report