



To be certain that routine transactions are recorded in 2016, the Brethren Foundation Funds office must receive the properly completed documentation, including checks or EFT instructions in the case of deposits, no later than noon CST on Dec. 22.



Investment Perspective

FROM BRETHERN FOUNDATION FUNDS

DECEMBER 2016

MARKETS AND THE ECONOMY

On the heels of the U.S. Presidential election, the S&P 500 Index hit a record high and advanced 3.7 percent during November. Real GDP was revised up to a 3.2 percent annual growth rate in the third quarter versus the original 2.9 percent report a month ago. This upward revision was mostly due to personal consumption, which offset slight downward revisions to business investment and inventories. Due to both job growth and a drop in the labor force, the unemployment rate dropped to 4.6 percent in November, the lowest since 2007, and lower than the Fed's long-term forecast of 4.8 percent. In another solid month of income and spending gains for consumers, personal income increased 0.6 percent in October, up 3.9 percent in the past year; personal consumption rose 0.3 percent, up 4.2 percent in the past year. The bond market, as measured by the Bloomberg Barclays Government/Credit Index, decreased 2.7 percent in November.

Helped by stronger exports, Japan's third quarter GDP rose by an annualized 2.2 percent — faster than the 0.7 percent annualized increase in the prior quarter. With slowing auto and property sales, China's retail sales decelerated from September's 10.7 percent growth to 10.0 percent in October; manufacturing expanded during November. Eurozone's unemployment rate declined in October to 9.8 percent from 9.9 percent in September. Led by expansion in Germany, manufacturing activity in the Eurozone expanded in October over the prior month. Retail sales in the U.K. grew 7.4 percent in October over the prior year, up 1.9 percent compared with the prior month. Stagnant business investment and consumer spending during the third quarter contributed to Brazil's economy shrinking 2.9 percent from the same period a year earlier. International equities, as measured by the MSCI EAFE Index, declined 2.0 percent in November.

YEAR-END CONSIDERATIONS

Initiating transactions — To be certain that routine transactions are recorded in 2016, the Brethren Foundation Funds office must receive the properly completed documentation, including checks or EFT instructions in the case of deposits, no later than noon CST on Dec. 22. Liquidations and other unusual transactions, due to size or complexity, will take longer to complete and should be initiated as soon as possible. Paperwork may be submitted by fax to 847-960-5712, sent as an attachment to an email message to bfli@cobbt.org, or mailed through the postal service to 1505 Dundee Ave., Elgin, IL 60120. Please allow ample time for delivery.

Keeping the list of authorized individuals current — BFFI will only honor transaction or information requests about a client's account from individuals properly authorized to conduct business with BFFI on behalf of a client. Accordingly, it is very important that all clients keep their list of authorized individuals current. Doing so minimizes transaction delays caused by paperwork updating, and reduces the possibility of unauthorized access to accounts.

Confirming the email address of the primary contact — Please make sure that the email address for the primary contact is correct. BFFI uses email to quickly distribute important information to all clients.

Registering for BFFI's client portal — Organizations are encouraged to sign up for online account management. Authorized users can access monthly statements, generate custom reports, initiate transactions, and more.

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

Fund Performance Report

for the period ending Nov 30, 2016



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%	0.1%	0.5%	0.3%	0.7%	1.5%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.2%	0.6%	0.3%	0.3%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.1%	0.4%	1.5%	1.7%	1.9%	2.4%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(2.6)%	(3.7)%	3.2%	3.0%	3.1%	4.8%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(2.7)%	(3.8)%	2.8%	2.8%	2.5%	4.3%
Bond Fund	(2.5)%	(3.4)%	3.9%	3.3%	3.2%	4.9%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(2.7)%	(3.8)%	2.8%	2.8%	2.5%	4.3%
Treasury Inflation-Protected Securities Fund ³	(1.9)%	(1.9)%	4.9%	1.0%	0.3%	—
<i>Bloomberg Barclays U.S. TIPS Index</i>	(1.9)%	(1.8)%	4.8%	1.8%	0.9%	—
Bank Loans Fund ^{3,4}	—	—	—	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	—	—	—	—	—	—
High Yield Bond Fund ³	(0.5)%	0.8%	12.2%	4.1%	7.5%	—
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	(0.5)%	0.6%	15.0%	4.2%	7.5%	—
Global Aggregate Fixed Income Fund ^{3,4}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Bond Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Fund	5.1%	3.1%	7.9%	(0.4)%	8.1%	4.2%
<i>S&P 500 Index</i>	3.7%	1.8%	9.8%	9.1%	14.4%	6.9%
Domestic Stock Large Cap Core Index Fund ⁵	3.5%	1.5%	—	—	—	—
<i>S&P 500 Index</i>	3.7%	1.8%	—	—	—	—
Domestic Stock Mid Cap Fund	2.0%	(2.7)%	(0.6)%	4.5%	14.8%	—
<i>Russell Midcap Index</i>	5.4%	2.3%	12.5%	8.6%	14.4%	—
Domestic Stock Growth Fund	2.8%	0.9%	6.0%	6.9%	12.0%	—
<i>Russell 1000 Growth Index</i>	2.2%	0.1%	5.8%	9.1%	14.1%	—
Domestic Stock Fund	3.1%	0.2%	4.6%	4.0%	11.9%	6.9%
<i>S&P 500 Index</i>	3.7%	1.8%	9.8%	9.1%	14.4%	6.9%
Small Cap Fund	8.3%	5.1%	16.2%	8.9%	12.8%	9.4%
<i>Russell 2000 Index</i>	11.2%	7.0%	18.0%	6.5%	14.0%	6.8%
INTERNATIONAL EQUITY						
International Stock Core Fund	(4.4)%	(4.5)%	(2.8)%	(3.1)%	4.4%	0.6%
<i>MSCI EAFE Index</i>	(2.0)%	(2.8)%	(2.3)%	(2.2)%	5.6%	0.7%
Emerging Markets Stock Fund ³	(3.4)%	(1.0)%	18.7%	(2.7)%	1.2%	—
<i>MSCI Emerging Markets Index</i>	(4.6)%	(3.1)%	10.9%	(3.1)%	1.0%	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ³	(2.4)%	0.8%	10.5%	(12.9)%	(10.4)%	—
<i>Bloomberg Commodity Total Return Index</i>	1.3%	4.0%	9.8%	(11.4)%	(10.0)%	—
Public Real Estate Fund ³	(1.2)%	(9.0)%	(2.1)%	3.2%	7.5%	—
<i>S&P Developed Property Index</i>	(2.4)%	(8.2)%	2.6%	6.1%	10.4%	—
Multi-Strategy Hedge Fund ^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund ³	(2.5)%	(1.4)%	14.9%	—	—	—
<i>CPI + 5%</i> ⁶	0.5%	1.7%	6.5%	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	0.8%	(1.3)%	4.3%	3.8%	8.5%	6.5%
<i>Blended Balanced Index</i> ⁷	1.2%	(0.4)%	7.1%	6.7%	9.7%	6.2%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ³	(0.3)%	(0.2)%	—	—	—	—
<i>Blended Conservative Index</i>	(0.2)%	(0.2)%	—	—	—	—
Income Fund ³	(1.6)%	(2.1)%	4.0%	—	—	—
<i>Blended Income Index</i>	(1.5)%	(2.6)%	3.9%	—	—	—
SRI Income Fund ⁴	—	—	—	—	—	—
<i>Blended SRI Income Index</i>	—	—	—	—	—	—
Income & Growth Fund ³	(0.5)%	(1.1)%	6.3%	1.7%	—	—
<i>Blended Income & Growth Index</i>	(0.6)%	(1.6)%	4.7%	3.2%	—	—
SRI Income & Growth Fund	(0.4)%	(1.9)%	3.9%	—	—	—
<i>Blended SRI Income & Growth Index</i>	(0.8)%	(1.9)%	4.5%	—	—	—
Growth Fund ³	(0.5)%	(0.9)%	6.3%	1.4%	—	—
<i>Blended Growth Index</i>	(0.3)%	(1.3)%	4.9%	3.2%	—	—
SRI Growth Fund	(0.2)%	(1.7)%	3.5%	—	—	—
<i>Blended SRI Growth Index</i>	(0.3)%	(1.4)%	4.9%	—	—	—
Aggressive Growth Fund ³	(0.2)%	(0.7)%	6.7%	0.8%	—	—
<i>Blended Aggressive Growth Index</i>	0.1%	(0.8)%	5.3%	3.4%	—	—
SRI Aggressive Growth Fund ⁴	—	—	—	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	—	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (October 2016) ⁶	0.1%	0.4%	1.9%	1.2%	1.3%	1.8%

Performance Report

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 socially responsible investing guidelines because they are invested in mutual funds. All other investment funds must meet socially responsible 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. ⁶Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted. ⁷Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).