



BFFI wants its clients to have access to their money as quickly as possible.



Investment Perspective

FROM BROTHERS FOUNDATION FUNDS

FEBRUARY 2015

MARKETS AND THE ECONOMY

The S&P 500 Index declined 3 percent in January with investor wariness over slow global growth and falling inflation as a backdrop. The U.S. economy, as measured by Gross Domestic Product, grew at an annualized rate of 2.6 percent in the fourth quarter, down from the prior quarter's annualized rate of 3.9 percent. For the year, GDP grew at annual rate of 2.4 percent. The unemployment rate fell to 5.6 percent in December, down from 6.7 percent a year earlier. While other central banks around the world are launching additional stimulus measures, the Federal Reserve reiterated its "patience" stance, keeping short-term interest rates near zero for now. The Consumer Price Index rose 0.3 percent in December from a year earlier. Consumer confidence is at an 11-year high. The bond market, as measured by the Barclays Capital Government/Credit Index, rose 2.6 percent in January.

The European Central Bank launched an aggressive bond buying program in an effort to stimulate an anemic economic recovery and combat dangerously low inflation. The ECB also kept its main lending rate unchanged at 0.05 percent and the overnight rate for bank deposits parked with the central bank at minus 0.2 percent. Consumer prices in the Eurozone were 0.6 percent lower than in January 2014, driven largely by falling energy prices and declining prices for manufactured goods. China's economic growth decelerated to 7.4 percent in 2014; down from 2013's growth of 7.7 percent. S&P cut Russia's credit rating to below investment grade status citing the country's limited flexibility to spur growth through monetary policy, heavy reliance on oil exports, plummeting energy prices, and economic sanctions from the West. International equities, as measured by the MSCI EAFE Index, inched up 0.5 percent in January.

MONEY WHEN YOU NEED IT

Regardless of how your assets are invested at Brethren Foundation Funds Inc., **your money is available to you when you need it.**

One of the objectives of Brethren Foundation Funds' asset management services, as stated in the *Investment Guidelines*, is "to maintain sufficient liquidity to provide for all anticipated withdrawals or transfers and to invest in issues with sufficient marketability to provide for unexpected withdrawals." Simply stated, BFFI wants its clients to have access to their money as quickly as possible.

When a withdrawal request is received, funds are moved from the client's BFFI account to a BFFI holding account. When this move takes place, assets are considered to be "in transit" and are no longer invested. Assets being distributed electronically are then transferred to the client's financial institution, where handling of the assets is subject to those rules and procedures. Typically, clients can expect the **funds to appear in their financial institution account within three to five business days** following BFFI's receipt of their initial request.

Here are some things to be aware of —

- The withdrawal process may not start until the next business day for requests received after 2 p.m. CST.
- Assets being distributed via check are considered "in transit" until the check is cashed or deposited.
- Very large transactions or full liquidation of an account, subaccount, or investment option may take up to two days longer.

Rest assured, BFFI has the steps in place to make your money accessible, as quickly as possible.

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



All periods longer than one year are annualized.

Fund Performance Report

for the period ending Jan. 31, 2015

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%	0.0%	0.6%	0.8%	2.1%
<i>Merrill Lynch 6-Month Treasury Bill Index¹</i>	0.0%	0.0%	0.0%	0.2%	0.2%	1.5%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund²	0.1%	0.4%	0.1%	2.0%	2.2%	2.6%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	2.6%	3.5%	2.6%	4.0%	5.4%	5.4%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	2.6%	3.5%	2.6%	3.3%	4.9%	4.9%
Bond Fund	2.6%	3.6%	2.6%	4.0%	5.5%	5.4%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	2.6%	3.5%	2.6%	3.3%	4.9%	4.9%
Treasury Inflation-Protected Securities Fund³	2.7%	1.6%	2.7%	(0.1)%	—	—
<i>Barclays Capital U.S. TIPS Index</i>	3.1%	2.2%	3.1%	0.7%	—	—
Bank Loans Fund^{3,4}	—	—	—	—	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	—	—	—	—	—	—
High Yield Bond Fund³	0.9%	(1.4)%	0.9%	7.6%	—	—
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	0.7%	(1.5)%	0.7%	7.6%	—	—
Global Aggregate Fixed Income Fund^{3,4}	—	—	—	—	—	—
<i>Barclays Capital Global Aggregate Bond Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Core Fund	(7.5)%	(5.0)%	(7.5)%	13.5%	11.6%	6.5%
<i>S&P 500 Index</i>	(3.0)%	(0.6)%	(3.0)%	17.5%	15.6%	7.6%
Domestic Stock Mid Cap Fund	(4.3)%	0.1%	(4.3)%	21.9%	—	—
<i>Russell Midcap Index</i>	(1.6)%	1.2%	(1.6)%	18.4%	—	—
Domestic Stock Growth Fund	(2.8)%	(1.4)%	(2.8)%	13.6%	—	—
<i>Russell 1000 Growth Index</i>	(1.5)%	0.5%	(1.5)%	17.4%	—	—
Domestic Stock Fund	(4.9)%	(2.1)%	(4.9)%	16.3%	15.2%	8.2%
<i>S&P 500 Index</i>	(3.0)%	(0.6)%	(3.0)%	17.5%	15.6%	7.6%
Small Cap Fund	(3.4)%	1.0%	(3.4)%	12.3%	16.3%	10.2%
<i>Russell 2000 Index</i>	(3.2)%	(0.4)%	(3.2)%	15.3%	15.7%	7.9%
INTERNATIONAL EQUITY						
International Stock Core Fund	0.2%	(0.3)%	0.2%	7.6%	5.9%	4.4%
<i>MSCI EAFE Index</i>	0.5%	(1.6)%	0.5%	9.8%	6.9%	5.2%
Emerging Markets Stock Fund³	0.9%	(5.3)%	0.9%	(0.8)%	—	—
<i>MSCI Emerging Markets Index</i>	0.6%	(5.0)%	0.6%	0.9%	—	—
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund³	(5.5)%	(17.3)%	(5.5)%	(12.7)%	—	—
<i>Bloomberg Commodity Total Return Index</i>	(3.3)%	(14.3)%	(3.3)%	(11.2)%	—	—
Public Real Estate Fund³	5.4%	9.2%	5.4%	12.3%	—	—
<i>S&P Developed Property Index</i>	4.6%	5.8%	4.6%	15.2%	—	—
Multi-Strategy Hedge Fund^{3,4}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund	3.4%	(2.5)%	3.4%	—	—	—
<i>CPI + 5%⁵</i>	(0.4)%	(0.5)%	(0.4)%	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	(1.9)%	0.2%	(1.9)%	11.5%	11.6%	7.5%
<i>Blended Balanced Index⁶</i>	(0.7)%	1.0%	(0.7)%	11.7%	11.5%	6.8%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund^{3,4}	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
Income Fund³	0.6%	0.9%	0.6%	—	—	—
<i>Blended Income Index</i>	1.0%	1.5%	1.0%	—	—	—
SRI Income Fund⁴	—	—	—	—	—	—
<i>Blended SRI Income Index</i>	—	—	—	—	—	—
Income & Growth Fund³	(1.0)%	(0.7)%	(1.0)%	—	—	—
<i>Blended Income & Growth Index</i>	0.1%	0.5%	0.1%	—	—	—
SRI Income & Growth Fund⁴	—	—	—	—	—	—
<i>Blended SRI Income & Growth Index</i>	—	—	—	—	—	—
Growth Fund³	(1.5)%	(1.3)%	(1.5)%	—	—	—
<i>Blended Growth Index</i>	(0.3)%	0.1%	(0.3)%	—	—	—
SRI Growth Fund	(2.0)%	—	(2.0)%	—	—	—
<i>Blended SRI Growth Index</i>	(0.4)%	—	(0.4)%	—	—	—
Aggressive Growth Fund³	(2.0)%	(2.3)%	(2.0)%	—	—	—
<i>Blended Aggressive Growth Index</i>	(0.8)%	(1.0)%	(0.8)%	—	—	—
SRI Aggressive Growth Fund⁴	—	—	—	—	—	—
<i>Blended SRI Aggressive Growth Index</i>	—	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (December 2014)⁵	(0.8)%	(1.7)%	(0.8)%	1.0%	1.5%	1.9%

Performance Report

¹ Changed May 1, 2009. 10-year blended with 90-day Treasury Bill. ² CDIF interest accrues on a daily basis. ³ 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. ⁴ No assets invested in this fund. ⁵ Most recent data available. CPI data are from the All U.S. Urban Consumers Chained CPI Index and are not seasonally adjusted. ⁶ Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent).