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# Investment Perspective

FROM BRETHREN FOUNDATION

APRIL 2014

## MARKETS AND THE ECONOMY

The S&P 500 generated a modest 0.8 percent return in March, up 1.8 percent for the first quarter. The Federal Reserve further reduced its monthly bond buying program by an additional \$10 billion, its third reduction since December. The unemployment rate inched up to 6.7 percent as more people entered the labor force. Fourth quarter GDP was revised upward from 2.4 percent to an annualized rate of 2.6 percent. Supply constraints, growing home prices, escalating mortgage rates, and weather caused sales of previously owned homes to fall 0.4 percent in February. The bond market, as measured by the Barclays Capital Government/Credit Index, declined 0.1 percent in March, but are up 2 percent for the quarter.

Annual inflation in the eurozone was 0.5 percent in March, down from February's annual rate of 0.7 percent and far below the European Central Bank's target of 2 percent. The European Central Bank underscored its resolve to fight excessively low inflation with bold new measures. Citing weaker than estimated capital expenditures and consumer spending, Japan revised downward its initial estimate of fourth quarter GDP growth from 1.0 to 0.7 percent annualized. Latest measures of China's manufacturing activity reveal it remains in contraction. Standard & Poor's cut the credit rating on Brazil's long-term bonds to one notch above junk. International equities, as measured by the MSCI EAFE, fell 0.6 percent during March, but are up 0.8 percent for the quarter.

## HAVE YOU REGISTERED FOR ONLINE ACCOUNT ACCESS?

Brethren Foundation recommends that clients use the BFI 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 either spreadsheet or PDF format.

## ARE YOU USING THE LATEST BFI FORMS?

Anyone not using the client portal should use the latest BFI forms, which are available for download on the BFI website — [brethrenbenefittrust.org/foundation-forms](http://brethrenbenefittrust.org/foundation-forms). These downloaded forms may be completed on the screen and saved to your computer. Copies are also available by email and in printed form upon request. Please use only the latest versions.

## 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 BFI and update it as needed. Keeping this list current will minimize delays with transactions while paperwork is updated and reduce the opportunity for unauthorized transactions.

## DOES BFI HAVE YOUR EMAIL ADDRESS?

BFI maintains a directory of email addresses for the primary contacts of organizational clients, so that organizations can be quickly contacted when the need arises. Primary contacts are requested to provide new email addresses to Brethren Foundation.

## WHO SHOULD I CONTACT FOR ASSISTANCE?

Please contact Steve Lipinski 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.

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All periods longer than one year are annualized.

# Fund Performance Report

for the period ending March 31, 2014

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>	0.0%	0.1%	0.1%	0.7%	1.0%	2.2%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.0%	0.0%	0.0%	0.2%	0.3%	1.6%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>2</sup>	0.2%	0.5%	0.5%	2.2%	2.4%	2.7%
<i>No Benchmark</i>	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	(0.1)%	2.2%	2.2%	4.5%	6.9%	4.9%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.1)%	2.0%	2.0%	4.2%	5.1%	4.4%
<b>Bond Fund</b>	0.0%	2.4%	2.4%	4.4%	7.1%	5.0%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.1)%	2.0%	2.0%	4.2%	5.1%	4.4%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	(0.5)%	1.6%	1.6%	2.6%	—	—
<i>Barclays Capital U.S. TIPS Index</i>	(0.5)%	2.0%	2.0%	3.5%	—	—
<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>	0.5%	2.9%	2.9%	8.5%	—	—
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	0.2%	3.0%	3.0%	9.0%	—	—
<b>Global Aggregate Fixed Income Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>Barclays Capital Global Aggregate Bond Index</i>	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Core Fund</b>	3.3%	0.6%	0.6%	12.2%	18.0%	7.1%
<i>S&amp;P 500 Index</i>	0.8%	1.8%	1.8%	14.7%	21.2%	7.4%
<b>Domestic Stock Mid Cap Fund</b>	(0.5)%	4.5%	4.5%	19.8%	—	—
<i>Russell Midcap Index</i>	(0.3)%	3.5%	3.5%	14.4%	—	—
<b>Domestic Stock Growth Fund</b>	(1.3)%	(0.5)%	(0.5)%	11.9%	—	—
<i>Russell 1000 Growth Index</i>	(1.0)%	1.1%	1.1%	14.6%	—	—
<b>Domestic Stock Fund</b>	0.5%	1.5%	1.5%	14.6%	21.1%	8.8%
<i>S&amp;P 500 Index</i>	0.8%	1.8%	1.8%	14.7%	21.2%	7.4%
<b>Small Cap Fund</b>	0.9%	(2.5)%	(2.5)%	11.8%	24.6%	10.8%
<i>Russell 2000 Index</i>	(0.7)%	1.1%	1.1%	13.2%	24.3%	8.5%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	0.0%	(0.9)%	(0.9)%	6.3%	15.6%	6.2%
<i>MSCI EAFE Index</i>	(0.6)%	0.8%	0.8%	7.7%	16.6%	7.0%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	2.7%	(1.8)%	(1.8)%	(5.5)%	—	—
<i>MSCI Emerging Markets Index</i>	3.1%	(0.4)%	(0.4)%	(2.5)%	—	—
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund</b> <sup>3</sup>	0.3%	6.2%	6.2%	(6.0)%	—	—
<i>Dow Jones UBS Commodity Index</i>	0.4%	7.0%	7.0%	(7.4)%	—	—
<b>Public Real Estate Fund</b> <sup>3</sup>	0.0%	2.5%	2.5%	6.1%	—	—
<i>S&amp;P Developed Property Index</i>	0.4%	3.8%	3.8%	9.1%	—	—
<b>Multi-Strategy Hedge Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>60% S&amp;P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	0.3%	1.8%	1.8%	10.8%	15.7%	7.6%
<i>Blended Balanced Index</i> <sup>5</sup>	0.5%	1.9%	1.9%	10.6%	14.8%	6.5%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>Blended Conservative Index</i>	—	—	—	—	—	—
<b>Income Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>Blended Income Index</i>	—	—	—	—	—	—
<b>Income &amp; Growth Fund</b> <sup>3</sup>	0.9%	1.1%	1.1%	—	—	—
<i>Blended Income &amp; Growth Index</i>	0.1%	1.8%	1.8%	—	—	—
<b>Growth Fund</b> <sup>3</sup>	1.0%	0.9%	0.9%	—	—	—
<i>Blended Growth Index</i>	0.2%	1.8%	1.8%	—	—	—
<b>Aggressive Growth Fund</b> <sup>3</sup>	1.3%	0.9%	0.9%	—	—	—
<i>Blended Aggressive Growth Index</i>	0.3%	1.8%	1.8%	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index</b> (February 2014) <sup>6</sup>	0.4%	0.8%	0.8%	2.0%	2.0%	2.3%

<sup>1</sup> Changed May 1, 2009, 5-year and 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> Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). <sup>6</sup> Most recent data available. CPI data are not seasonally adjusted.