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# Investment Perspective

FROM BRETHREN FOUNDATION

DECEMBER 2013

## MARKETS AND THE ECONOMY

Amid signs of an expanding economy, low interest rates, tame inflation, and highly stimulative monetary policy, the S&P 500 Index hit a number of record highs in November, gaining 3.1 percent; the index is up 29.1 percent since Jan. 1. The U.S. gross domestic product grew at an annualized rate of 2.8 percent in the third quarter, up from the second quarter's 2.5 percent rate of expansion. Despite strong business hiring during October, the jobless rate ticked up 0.1 percentage point to 7.3 percent, largely due to the government shutdown. Thanks to a drop in oil prices, consumer prices fell 0.1 percent in October and are up 1 percent from a year earlier. The bond market, as measured by the Barclays Capital Government/Credit Index, declined 0.3 percent in November — down 1.8 percent for the year.

The European Central Bank, citing concerns about the recent plunge in inflation, cut its key lending rate to 0.25 percent from 0.5 percent. GDP in the eurozone grew only 0.1 percent in the third quarter, following growth of 0.3 percent in the second quarter. Ireland and Spain announced they would not seek extensions to their international financial assistance, marking significant steps toward resolving the eurozone's debt crisis. As a result of lost momentum in exports and consumer spending, Japan's GDP grew at an annualized rate of 1.9 percent during the third quarter, a sharp slowdown from the prior quarter's rate of 3.8 percent. International equities, as measured by the MSCI EAFE Index, rose 0.8 percent during November and are up 21.5 percent since the beginning of the year.

## TASKS TO CONSIDER AT THE END OF THE YEAR

As 2013 comes to an end, please consider the following —

- **Initiating transactions.** To be certain that routine transactions are recorded in 2013, the properly completed and signed paperwork, with assets (EFT or checks) in the case of deposits, must be received at the Brethren Foundation office no later than noon CST on Dec. 26. Paperwork may be submitted by fax to 847-960-5712, sent as an attachment to an email message to [bfi@cobbt.org](mailto:bfi@cobbt.org), or mailed through the postal service to 1505 Dundee Ave., Elgin, IL 60120 (please allow ample time for delivery).
- **Rebalancing your organization's portfolio.** Now would be a good time for all organizations that don't have rebalancing instructions on file with BFI to consider rebalancing their portfolios.
- **Updating your list of authorized individuals.** Organizations minimize the chance of unauthorized transactions occurring by ensuring that their list of individuals authorized to conduct business with BFI is up-to-date.
- **Confirming your primary contact's email address.** Please make sure that the email address for the primary contact is correct. BFI uses email to quickly distribute important information to all clients.
- **Registering for BFI's client portal.** Organizations are encouraged to sign up for online account management. Authorized users can access monthly statements, initiate transactions, and more.

Now would be a good time for all organizations that don't have rebalancing instructions on file with BFI to consider rebalancing their portfolios.



Please contact Steve Lipinski at [slipinski@cobbt.org](mailto:slipinski@cobbt.org) or 847-622-3377 (or Steve Mason at [smason@cobbt.org](mailto:smason@cobbt.org) or 847-622-3369) as soon as possible for assistance with any of these matters or other special situations that may exist.

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 Nov. 30, 2013

## Performance Report

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%	0.4%	0.8%	1.5%	2.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.0%	0.0%	0.2%	0.2%	0.3%	1.7%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>2</sup>	0.2%	0.5%	2.0%	2.2%	2.5%	2.8%
<i>No Benchmark</i>	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	(0.2)%	1.2%	(1.8)%	3.6%	7.7%	5.2%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.3)%	1.3%	(1.8)%	3.4%	5.5%	4.7%
<b>Bond Fund</b>	(0.2)%	1.3%	(2.0)%	3.6%	7.8%	5.2%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.3)%	1.3%	(1.8)%	3.4%	5.5%	4.7%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	(1.2)%	0.8%	(8.1)%	2.9%	—	—
<i>Barclays Capital U.S. TIPS Index</i>	(1.1)%	0.9%	(7.2)%	3.5%	—	—
<b>Bank Loans Fund</b> <sup>3,4</sup>	—	—	—	—	—	—
<i>CSFB Leveraged Loan Index</i>	—	—	—	—	—	—
<b>High Yield Bond Fund</b> <sup>3</sup>	0.3%	3.8%	7.2%	8.9%	—	—
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	0.5%	4.0%	6.9%	9.8%	—	—
<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%	11.7%	29.5%	15.2%	15.4%	7.4%
<i>S&amp;P 500 Index</i>	3.1%	11.2%	29.1%	17.7%	17.6%	7.7%
<b>Domestic Stock Value Fund</b>	3.9%	13.1%	34.6%	23.2%	—	—
<i>Russell 1000 Value Index</i>	2.8%	10.0%	29.3%	18.1%	—	—
<b>Domestic Stock Growth Fund</b>	1.8%	11.6%	27.8%	15.9%	—	—
<i>Russell 1000 Growth Index</i>	2.8%	12.2%	29.8%	17.4%	—	—
<b>Domestic Stock Fund</b>	3.0%	12.1%	30.6%	18.1%	19.2%	9.1%
<i>S&amp;P 500 Index</i>	3.1%	11.2%	29.1%	17.7%	17.6%	7.7%
<b>Small Cap Fund</b>	2.4%	9.4%	26.3%	17.9%	22.3%	11.5%
<i>Russell 2000 Index</i>	4.0%	13.4%	36.1%	17.9%	21.0%	9.1%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	1.5%	10.9%	20.1%	10.1%	13.5%	7.4%
<i>MSCI EAFE Index</i>	0.8%	11.9%	21.5%	11.0%	14.0%	8.0%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	(3.7)%	9.0%	(2.5)%	(2.8)%	—	—
<i>MSCI Emerging Markets Index</i>	(1.5)%	10.1%	(0.8)%	1.0%	—	—
<b>ALTERNATIVES</b>						
<b>Commodities-Based Fund</b> <sup>3</sup>	(2.8)%	(5.0)%	(16.3)%	(4.9)%	—	—
<i>Dow Jones UBS Commodity Index</i>	(0.8)%	(4.8)%	(10.6)%	(5.3)%	—	—
<b>Public Real Estate Fund</b> <sup>3</sup>	(3.1)%	4.2%	2.7%	—	—	—
<i>S&amp;P Developed Property Index</i>	(3.3)%	5.5%	5.5%	—	—	—
<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>	1.8%	7.8%	16.8%	12.5%	14.9%	7.9%
<i>Blended Balanced Index</i> <sup>5</sup>	1.7%	7.2%	15.9%	12.0%	13.0%	6.8%
<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>	0.8%	—	—	—	—	—
<i>Blended Income &amp; Growth Index</i>	1.0%	—	—	—	—	—
<b>Growth Fund</b> <sup>3</sup>	0.9%	—	—	—	—	—
<i>Blended Growth Index</i>	1.2%	—	—	—	—	—
<b>Aggressive Growth Fund</b> <sup>3</sup>	0.8%	—	—	—	—	—
<i>Blended Aggressive Growth Index</i>	1.3%	—	—	—	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index</b> (October 2013) <sup>6</sup>	(0.3)%	(0.1)%	1.6%	2.2%	1.5%	2.4%

<sup>1</sup> Changed May 1, 2009. 3-year, 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.