



Military spending  
is the second-  
largest item in the  
federal budget after  
Social Security

From Brethren Foundation Funds

# Investment Perspective

August 2021

## Markets and the Economy

Investor optimism about the economic recovery and supportive monetary and fiscal policies contributed to the S&P 500 Index increasing 2.4 percent in July. Driven by consumer spending and business investment, real GDP grew at a 6.5 percent annual rate during the second quarter. The Federal Reserve is beginning to deliberate on how to taper their asset purchases. The unemployment rate rose to 5.9 percent in June from 5.8 percent in May. Personal income rose 0.1 percent in June, up 2.3 percent in the past year. Personal consumption rose 1 percent in June; spending has increased 13.6 percent in the past year. Existing home sales increased 1.4 percent in June; sales are up 22.9 percent versus a year ago. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, increased 1.3 percent in July.

During the second quarter, supported by the gradual easing of Covid-19 pandemic restrictions, the services sector strongly contributed to the Eurozone's economy growing 13.7 percent over the same quarter a year ago. Citing concerns about a surge in Covid-19 cases and continued low inflation, the European Central Bank kept its key interest rate at a minus 0.5 percent. The Bank of Canada, citing confidence in the strength of the Canadian economy's recovery, left its key interest rate unchanged at 0.25 percent while further scaling back its bond-buying program. In the three months through to the end of June, China's economy rose 7.9 percent from a year earlier. To combat a rise in inflation, the Bank of Mexico raised its benchmark interest rate from 4 percent to 4.25 percent. International equities, as measured by the MSCI EAFE Index, inched up 0.8 percent in July. ■

## Annual DoD Lists Released

Each year, as part of its Brethren Values Investing initiatives, Brethren Foundation Funds commissions two lists of companies that earned significant revenue from U.S. military operations in the government's most recently completed fiscal year. One list identifies the top 25 publicly traded defense contractors, based on the size of contracts awarded by the Department of Defense. In a rare occurrence, the 2021 list is identical to the 2020 list. The other list includes all publicly traded companies with market capitalization of more than \$200 million that generated more than 10 percent of their revenue from Department of Defense contracts (24 additional companies).

The lists produced for 2021 were received by the BFFI Board during its April meeting. The firms on the lists will be screened from BFFI's self-managed investment portfolios in 2021 (as directed by BFFI's Investment Guidelines), as will firms that receive more than 10 percent of their revenue from abortion, alcohol, firearms and other weapons, gambling, pornography, or tobacco. Companies that are egregious violators of environmental regulations or human rights are also screened from BFFI's portfolios. In addition to screening these companies out of its investments, BFFI will not knowingly use the services of any company on the Department of Defense lists. Copies of these two lists are available upon request or can be found at [cobbt.org/screening](http://cobbt.org/screening). ■

Copies of the  
Annual DoD lists  
can be found at  
[cobbt.org/screening](http://cobbt.org/screening)

2021 Top 25 Publicly Traded Defense Contractors
1. Lockheed Martin
2. Boeing
3. Raytheon
4. General Dynamics
5. Northrop Grumman
6. Humana
7. Huntington Ingalls Industries
8. BAE Systems
9. L3Harris Technologies
10. General Electric
11. Centene
12. Leidos Holdings
13. Oshkosh
14. McKesson
15. Textron
16. Fluor
17. AmerisourceBergen
18. KBR
19. Booz Allen Hamilton Holding
20. AECOM
21. Science Applications International
22. Leonardo Spa
23. CACI International
24. Austal
25. Perspecta

# Fund Performance Report

for the period ending July 31, 2021

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%	0.0%	0.0%	1.2%	1.1%	0.8%
ICE BofAML 6-Month Treasury Bill Index	0.0%	0.0%	0.1%	1.5%	1.4%	0.8%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund <sup>1</sup></b>	0.4%	0.6%	1.2%	2.0%	1.9%	1.9%
No Benchmark	—	—	—	—	—	—
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	1.3%	2.7%	(1.1)%	6.5%	3.6%	3.8%
Bloomberg Barclays U.S. Government/Credit Bond Index	1.3%	2.9%	(0.7)%	6.4%	3.4%	3.6%
<b>Bond Fund</b>	1.2%	2.9%	(0.4)%	6.8%	3.8%	4.0%
Bloomberg Barclays U.S. Government/Credit Bond Index	1.3%	2.9%	(0.7)%	6.4%	3.4%	3.6%
<b>Treasury Inflation-Protected Securities Fund <sup>2</sup></b>	2.6%	4.1%	4.3%	7.5%	5.0%	3.3%
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	2.7%	4.5%	4.4%	7.6%	4.5%	3.3%
<b>Bank Loans Fund <sup>2</sup></b>	0.0%	0.9%	3.3%	3.6%	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	(0.2)%	0.4%	1.9%	3.9%	—	—
<b>High Yield Bond Fund <sup>2</sup></b>	0.4%	2.1%	4.4%	6.9%	6.9%	6.4%
Bloomberg Barclays U.S. Corporate High Yield Bond Index	0.4%	2.0%	4.0%	7.2%	7.0%	6.6%
<b>Global Aggregate Fixed Income Fund <sup>2,3</sup></b>	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Large Cap Core Index Fund <sup>4</sup></b>	2.3%	5.4%	17.7%	18.2%	17.1%	—
S&P 500 Index	2.4%	5.5%	18.0%	18.2%	17.3%	—
<b>Domestic Stock Mid Cap Fund</b>	2.5%	3.2%	15.5%	9.7%	9.6%	11.4%
Russell Midcap Index	0.8%	3.1%	17.1%	15.8%	14.8%	13.7%
<b>Domestic Stock Growth Fund</b>	3.3%	8.8%	20.1%	21.0%	18.6%	14.8%
Russell 1000 Growth Index	3.3%	8.3%	16.7%	25.3%	23.3%	18.4%
<b>Domestic Stock Fund</b>	2.7%	5.8%	17.8%	16.0%	14.9%	12.6%
S&P 500 Index	2.4%	5.5%	18.0%	18.2%	17.3%	15.3%
<b>Small Cap Fund</b>	1.3%	2.3%	12.1%	18.0%	22.5%	16.7%
Russell 2000 Index	(3.6)%	(1.5)%	13.3%	11.5%	14.3%	12.3%
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	0.8%	2.7%	4.2%	10.2%	11.1%	6.6%
MSCI EAFE Index	0.8%	2.9%	9.6%	7.7%	9.4%	6.1%
<b>Emerging Markets Stock Fund <sup>2</sup></b>	(4.3)%	(2.6)%	11.2%	4.2%	8.5%	1.6%
MSCI Emerging Markets Index	(6.7)%	(4.4)%	0.2%	7.9%	10.4%	3.6%
<b>ALTERNATIVE INVESTMENTS</b>						
<b>Commodities-Based Fund <sup>2</sup></b>	5.8%	9.8%	32.2%	10.6%	7.0%	(3.3)%
Bloomberg Commodity Total Return Index	1.7%	6.6%	23.4%	5.3%	3.9%	(4.5)%
<b>Public Real Estate Fund <sup>2</sup></b>	3.4%	7.1%	19.1%	9.3%	5.2%	5.9%
S&P Developed Property Index	3.6%	6.9%	19.7%	8.7%	6.1%	8.0%
<b>Multi-Strategy Hedge Fund <sup>2,3</sup></b>	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
<b>Global Inflation Protection Fund <sup>2</sup></b>	0.9%	3.6%	15.5%	9.8%	8.5%	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	2.5%	3.8%	5.9%	8.7%	6.1%	—
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	2.1%	4.6%	10.4%	13.2%	10.9%	9.5%
Blended Balanced Index <sup>5</sup>	2.0%	4.4%	10.2%	13.8%	11.9%	10.8%
<b>TACTICAL FUNDS (additional fees apply)</b>						
<b>Conservative Fund <sup>2,3</sup></b>	—	—	—	—	—	—
Blended Conservative Index <sup>6</sup>	—	—	—	—	—	—
<b>Income Fund <sup>2</sup></b>	1.5%	3.2%	4.1%	8.9%	7.5%	—
Blended Income Index <sup>6</sup>	1.1%	3.1%	5.1%	9.7%	7.4%	—
<b>BVI Income Fund</b>	1.4%	3.3%	4.6%	9.7%	—	—
Blended SRI Income Index <sup>6</sup>	1.1%	3.1%	5.1%	9.8%	—	—
<b>Income &amp; Growth Fund <sup>2</sup></b>	1.4%	3.3%	7.1%	10.2%	9.8%	—
Blended Income & Growth Index <sup>6</sup>	1.0%	3.2%	7.3%	11.0%	9.6%	—
<b>BVI Income &amp; Growth Fund</b>	1.5%	3.5%	6.7%	10.9%	9.7%	—
Blended SRI Income & Growth Index <sup>6</sup>	1.0%	3.2%	7.3%	11.0%	9.4%	—
<b>Growth Fund <sup>2</sup></b>	1.4%	3.4%	9.3%	10.9%	10.9%	—
Blended Growth Index <sup>6</sup>	0.9%	3.3%	9.5%	12.0%	10.8%	—
<b>BVI Growth Fund</b>	1.6%	3.6%	8.9%	12.2%	11.5%	—
Blended SRI Growth Index <sup>6</sup>	0.9%	3.3%	9.5%	12.1%	11.0%	—
<b>Aggressive Growth Fund <sup>2</sup></b>	1.5%	3.8%	11.6%	11.7%	11.9%	—
Blended Aggressive Growth Index <sup>6</sup>	0.8%	3.4%	11.8%	12.9%	11.8%	—
<b>BVI Aggressive Growth Fund</b>	1.7%	3.9%	10.9%	13.2%	—	—
Blended SRI Aggressive Growth Index <sup>6</sup>	0.8%	3.4%	11.8%	13.1%	—	—
<b>U.S. INFLATION</b>						
<b>Consumer Price Index (June 2021) <sup>7</sup></b>	0.9%	2.6%	4.4%	2.5%	2.4%	1.9%

<sup>1</sup>CDIF interest accrues on a daily basis. <sup>2</sup>These 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.

<sup>3</sup>No assets invested in this fund. <sup>4</sup>Expected to match benchmark gross of fees. Typically, will not match benchmark net of fees and due to required cash position. <sup>5</sup>Weighted average of the S&P 500 Index (60 percent) and the Bloomberg Barclays U.S. Capital Government/Credit Bond Index (40 percent). <sup>6</sup>Changed January 1, 2021. 3-year, 5-year, and 10-year blended new with old benchmarks. <sup>7</sup>Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted.