



Did you know that a BFFI fund must pass through over a dozen investment “filters” to be considered BVI compliant?

From Brethren Foundation Funds

Investment Perspective

February 2022

Markets and the Economy

The prospect of the Federal Reserve raising interest rates and withdrawing monetary stimulus fueled volatile trading, and the S&P 500 Index declined 5.2 percent in January. Driven by strong household spending and companies rebuilding inventories, real GDP grew at a 6.9 percent annual rate during the fourth quarter; it grew 5.5 percent in all of 2021. The Federal Reserve made no change in the Fed Funds rate but indicated it would begin raising rates in March, and has begun tapering asset purchases. Personal income rose 0.3 percent in December, up 7.3 percent in the past year. Personal consumption declined 0.6 percent in December; spending has increased 13.3 percent in the past year. Consumer prices continued their rapid ascent in December, rising 0.5 percent for the month, and pushing the 12-month increase for 2021 to 7 percent. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, declined 2.4 percent in January.

The eurozone economy expanded 0.3 percent during the fourth quarter, down from the previous quarter’s growth of 2.2 percent. For the year, the eurozone economy advanced 5.2 percent. China’s economy expanded at an annualized rate of 4 percent during the fourth quarter. China’s economy grew 8.1 percent in all of 2021. In an effort to stimulate an economy slowed by a slumping property market, China’s central bank lowered its benchmark lending rate for medium- to long-term loans from 4.65 percent to 4.6 percent, and its prime one-year rate from 3.8 percent to 3.7 percent. Consumer prices in the United Kingdom rose 5.4 percent in December compared with a year earlier. The Bank of Canada held its main interest rate steady but indicated increases are on the horizon, citing concerns about persistently high inflation and an economy operating at full capacity. International equities, as measured by the MSCI EAFE Index, dropped 4.8 percent in January. ■

Sharing information on our organizational shift in 2022

We are in the midst of a transition to better meet your needs. The planning for this transition began last year, and the implementation of it will last beyond this year. Brethren Benefit Trust has made a staffing shift that will enable business continuity and succession planning.

This includes a structural reorganization that aligns us more closely by function. As a result of this realignment, the entities previously known as Brethren Foundation Inc. and Brethren Foundation Funds Inc. will now be referred to as Deferred Gifts and Organizational Investing, which better describe the true function of this part of our organization. These entities are now integrated alongside Insurance, Pension, and Client Servicing under Lynnae Rodeffer, vice president of Products and Services.

Dan Radcliff, director, will provide leadership to Deferred Gifts and Organizational Investing, partnering with Sherri Crowe, operations manager, to provide a concierge client experience.

In addition, Loyce Swartz Borgmann succeeded Scott Douglas, who retired at the end of January, as leader of the Client Servicing Team. Steve Mason will continue to be a primary point of contact for Organizational Investing clients, and will report to Loyce.

Our focus remains on you and your organization. We value our relationship with you and look forward to continued opportunities to serve you. ■

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All periods longer than one year are annualized.

Funds (Net of Investment Fees) Benchmarks (Gross)	Current Month	Three Months	One Year	Three Years	Five Years	Ten Years
SHORT-TERM						
Short-Term Fund	(0.1)%	(0.2)%	(0.3)%	0.8%	1.0%	0.8%
<i>ICE BofAML 6-Month Treasury Bill Index</i>	0.0%	0.0%	0.0%	1.1%	1.3%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	(0.8)%	(0.8)%	(0.1)%	1.4%	1.5%	1.7%
<i>No Benchmark</i>	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(2.3)%	(2.3)%	(3.5)%	4.3%	3.5%	3.0%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(2.4)%	(2.3)%	(3.1)%	4.2%	3.4%	2.8%
Bond Fund	(2.4)%	(2.3)%	(3.4)%	4.5%	3.6%	3.2%
<i>Bloomberg Barclays U.S. Government/Credit Bond Index</i>	(2.4)%	(2.3)%	(3.1)%	4.2%	3.4%	2.8%
Treasury Inflation-Protected Securities Fund ²	(2.3)%	(1.2)%	2.8%	7.1%	5.2%	2.6%
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index</i>	(2.0)%	(0.8)%	3.5%	7.2%	4.7%	2.6%
Bank Loans Fund ²	0.0%	0.4%	3.6%	4.1%	—	—
<i>S&P/LSTA U.S. Leveraged Loan 100 Index</i>	0.1%	0.5%	2.6%	4.4%	—	—
High Yield Bond Fund ²	(2.1)%	(1.5)%	3.0%	6.9%	5.3%	6.2%
<i>Bloomberg Barclays U.S. Corporate High Yield Bond Index</i>	(2.7)%	(1.9)%	2.1%	6.3%	5.4%	6.2%
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
<i>Bloomberg Barclays Global Aggregate Index</i>	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Index Fund ⁴	(5.1)%	(1.4)%	23.1%	20.6%	16.7%	—
<i>S&P 500 Index</i>	(5.2)%	(1.6)%	23.3%	20.7%	16.8%	—
Domestic Stock Mid Cap Fund	(6.1)%	(0.9)%	20.2%	15.8%	9.3%	11.6%
<i>Russell Midcap Index</i>	(7.4)%	(6.9)%	13.9%	16.1%	12.8%	13.4%
Domestic Stock Growth Fund	(7.6)%	(5.6)%	18.4%	21.3%	17.2%	14.4%
<i>Russell 1000 Growth Index</i>	(8.6)%	(6.1)%	17.5%	26.4%	22.3%	18.0%
Domestic Stock Fund	(6.2)%	(2.7)%	20.6%	19.1%	14.1%	12.7%
<i>S&P 500 Index</i>	(5.2)%	(1.6)%	23.3%	20.7%	16.8%	15.4%
Small Cap Fund	(8.3)%	(7.0)%	8.8%	19.6%	18.8%	15.7%
<i>Russell 2000 Index</i>	(9.6)%	(11.5)%	(1.2)%	12.0%	9.7%	11.3%
INTERNATIONAL EQUITY						
International Stock Core Fund	(7.7)%	(10.7)%	(2.8)%	10.4%	8.5%	6.7%
<i>MSCI EAFE Index</i>	(4.8)%	(4.6)%	7.0%	9.3%	7.9%	6.9%
Emerging Markets Stock Fund ²	(2.1)%	(7.2)%	(1.1)%	2.2%	4.7%	2.4%
<i>MSCI Emerging Markets Index</i>	(1.9)%	(4.1)%	(7.2)%	7.2%	8.3%	4.2%
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	6.3%	2.3%	37.2%	16.3%	7.7%	(1.6)%
<i>Bloomberg Commodity Total Return Index</i>	8.8%	4.4%	34.7%	11.0%	5.4%	(2.3)%
Public Real Estate Fund ²	(6.8)%	(5.2)%	15.6%	6.4%	6.7%	6.1%
<i>S&P Developed Property Index</i>	(5.8)%	(1.8)%	20.2%	7.5%	7.7%	8.6%
Multi-Strategy Hedge Fund ^{2,3}	—	—	—	—	—	—
<i>60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index</i>	—	—	—	—	—	—
Global Inflation Protection Fund ²	(2.0)%	(1.2)%	10.2%	9.8%	7.7%	—
<i>Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%</i>	(1.0)%	0.0%	5.8%	8.3%	6.1%	—
EQUITY AND FIXED INCOME						
Balanced Fund	(4.7)%	(2.4)%	10.7%	13.8%	10.4%	9.2%
<i>Blended Balanced Index ⁵</i>	(4.1)%	(1.9)%	12.2%	14.3%	11.6%	10.4%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
<i>Blended Conservative Index ⁶</i>	—	—	—	—	—	—
Income Fund ²	(3.7)%	(3.1)%	2.6%	8.4%	6.7%	—
<i>Blended Income Index ⁶</i>	(3.6)%	(2.9)%	3.6%	8.8%	7.1%	—
BVI Income Fund	(3.8)%	(3.2)%	2.6%	9.1%	—	—
<i>Blended SRI Income Index ⁶</i>	(3.6)%	(2.9)%	3.6%	9.1%	—	—
Income & Growth Fund ²	(4.2)%	(3.4)%	5.2%	10.4%	8.6%	—
<i>Blended Income & Growth Index ⁶</i>	(4.0)%	(3.1)%	6.2%	10.9%	8.9%	—
BVI Income & Growth Fund	(4.5)%	(3.6)%	5.1%	11.1%	8.8%	—
<i>Blended SRI Income & Growth Index ⁶</i>	(4.0)%	(3.1)%	6.2%	10.9%	8.8%	—
Growth Fund ²	(4.9)%	(3.9)%	7.8%	11.5%	9.5%	—
<i>Blended Growth Index ⁶</i>	(4.4)%	(3.3)%	8.8%	12.3%	10.0%	—
BVI Growth Fund	(5.1)%	(3.9)%	7.9%	13.2%	10.5%	—
<i>Blended SRI Growth Index ⁶</i>	(4.4)%	(3.3)%	8.8%	12.5%	10.2%	—
Aggressive Growth Fund ²	(5.5)%	(4.2)%	10.4%	12.6%	10.4%	—
<i>Blended Aggressive Growth Index ⁶</i>	(4.8)%	(3.6)%	11.5%	13.6%	11.0%	—
BVI Aggressive Growth Fund	(5.6)%	(4.2)%	10.6%	15.0%	—	—
<i>Blended SRI Aggressive Growth Index ⁶</i>	(4.8)%	(3.6)%	11.5%	14.2%	—	—
U.S INFLATION						
Consumer Price Index (December 2021) ⁷	0.3%	1.6%	7.0%	3.5%	2.9%	2.1%

¹CDIF interest accrues on a daily basis. ²These 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. ³No assets invested in this fund. ⁴Expected to match benchmark gross of fees. Typically, will not match benchmark net of fees and due to required cash position. ⁵Weighted average of the S&P 500 Index (60 percent) and the Bloomberg Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁶Changed January 1, 2021. 3-year, 5-year, and 10-year blended new with old benchmarks. ⁷Most recent data available. CPI data are from the Consumer Price Index for All Urban Consumers. All items are not seasonally weighted.