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From Brethren Foundation Funds

Investment Perspective

January 2022

Markets and the Economy

The S&P 500 Index hit numerous new highs during 2021 and advanced 4.5 percent in December. The Index was up 11 percent during the fourth quarter and increased 28.7 percent since Jan. 1; this was its third straight year of double-digit gains. The Federal Reserve did not raise interest rates but did signal it is prepared to raise them in 2022, and pare its bond-buying program at a quicker pace. Inflation continued to surge in November, rising 0.8 percent for the month and pushing the 12-month increase to 6.8 percent, the largest in nearly 40 years. Retail sales rose 0.3 percent in November; sales are up 18.2 percent versus a year ago. The unemployment rate dropped to 4.2 percent in November from 4.6 percent in October. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, dipped 0.3 percent in December, ticked up 0.2 percent during the fourth quarter, but was down 1.7 percent since Jan. 1.

Citing the strength of the labor market and a desire to keep a lid on price growth, the Bank of England raised its key policy rate from 0.1 percent to 0.25 percent. The European Central Bank stated it would begin to slow its bond-buying program in March 2022 and that it would not increase its key interest rate, which is currently at minus 0.5 percent, until it concludes its bond-buying program. China's industrial production expanded 3.8 percent in November from a year ago, up from October's year-over-year growth of 3.5 percent. Canada's GDP grew at an annualized rate of 5.4 percent during the third quarter. The Bank of Canada kept its benchmark interest rate steady at 0.25 percent. International equities, as measured by the MSCI EAFE Index, rose 5.1 percent in December, increased 2.7 percent in the fourth quarter, and advanced 11.3 percent since the beginning of the year. ■

Use Authorization Form to Identify Current Client Representatives

Brethren Foundation Funds requires all clients to complete an Authorization Form to identify individuals who are authorized to execute transactions and/or receive BFFI statements or other account information. A new Authorization Form should be submitted to BFFI every time a client wishes to change the list of authorized individuals.

Additional documentation is required —

BFFI requires an officer of the congregation or organization to sign the Authorization Form to affirm that the people listed are indeed permitted to have the type of access indicated on the form. BFFI also requires the congregation or organization to provide documentation, such as a corporate resolution or minutes of an official meeting, confirming that the person who signs the Authorization Form on behalf of the congregation or organization is authorized to do so. Keeping this list current will minimize delays with transactions while paperwork is updated, and reduce the possibility of unauthorized access. Although there is no known instance of unauthorized individuals attempting to gain access to a BFFI client's assets, this extra precaution reduces the possibility that such an event will occur. BFFI hopes that clients are comforted by this extra layer of security. ■

A blank
Authorization Form
is available at
[cobbt.org/
files/galleries/
Authorization_
Form_0.pdf](https://cobbt.org/files/galleries/Authorization_Form_0.pdf)



Please contact Sherri Crowe (scrowe@cobbt.org or 847-622-3382) or Dan Radcliff (dradcliff@cobbt.org or 847-622-3363) for assistance. A blank Authorization Form is available at cobbt.org/files/galleries/Authorization_Form_0.pdf.

Fund Performance Report

for the period ending December 31, 2021

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	(0.1)%	(0.1)%	(0.2)%	0.9%	1.0%	0.8%
ICE BofAML 6-Month Treasury Bill Index	0.0%	0.0%	0.1%	1.2%	1.3%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	0.0%	(0.1)%	0.8%	1.7%	1.7%	1.8%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(0.4)%	(0.1)%	(2.5)%	5.5%	4.0%	3.4%
Bloomberg Barclays U.S. Government/Credit Bond Index	(0.3)%	0.2%	(1.7)%	5.5%	4.0%	3.1%
Bond Fund	(0.2)%	0.0%	(1.8)%	5.9%	4.2%	3.6%
Bloomberg Barclays U.S. Government/Credit Bond Index	(0.3)%	0.2%	(1.7)%	5.5%	4.0%	3.1%
Treasury Inflation-Protected Securities Fund ²	0.5%	2.5%	6.0%	8.4%	5.9%	3.0%
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	0.3%	2.4%	6.0%	8.4%	5.3%	3.1%
Bank Loans Fund ²	0.5%	0.5%	4.8%	4.9%	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	0.8%	0.4%	3.5%	5.6%	—	—
High Yield Bond Fund ²	1.5%	0.5%	5.6%	9.1%	6.1%	6.7%
Bloomberg Barclays U.S. Corporate High Yield Bond Index	1.9%	0.7%	5.3%	8.8%	6.3%	6.8%
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Index Fund ⁴	4.4%	10.9%	28.5%	25.8%	18.3%	—
S&P 500 Index	4.5%	11.0%	28.7%	26.1%	18.5%	—
Domestic Stock Mid Cap Fund	7.6%	11.8%	25.9%	22.9%	11.7%	13.3%
Russell Midcap Index	4.1%	6.4%	22.6%	23.3%	15.1%	14.9%
Domestic Stock Growth Fund	3.5%	8.4%	26.7%	27.6%	19.7%	15.9%
Russell 1000 Growth Index	2.1%	11.6%	27.6%	34.1%	25.3%	19.8%
Domestic Stock Fund	5.2%	10.4%	27.1%	25.3%	16.3%	14.2%
S&P 500 Index	4.5%	11.0%	28.7%	26.1%	18.5%	16.6%
Small Cap Fund	4.4%	6.8%	17.8%	26.1%	21.8%	17.4%
Russell 2000 Index	2.2%	2.1%	14.8%	20.0%	12.0%	13.2%
INTERNATIONAL EQUITY						
International Stock Core Fund	2.3%	(0.2)%	3.3%	15.5%	11.1%	8.1%
MSCI EAFE Index	5.1%	2.7%	11.3%	13.5%	9.5%	8.0%
Emerging Markets Stock Fund ²	0.3%	(2.4)%	3.6%	5.3%	6.5%	3.8%
MSCI Emerging Markets Index	1.9%	(1.3)%	(2.5)%	10.9%	9.9%	5.5%
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	1.4%	1.1%	35.9%	16.2%	6.4%	(1.7)%
Bloomberg Commodity Total Return Index	3.5%	(1.6)%	27.1%	9.9%	3.7%	(2.9)%
Public Real Estate Fund ²	3.9%	8.1%	23.5%	12.6%	8.2%	7.6%
S&P Developed Property Index	6.4%	9.9%	26.7%	13.4%	9.2%	10.0%
Multi-Strategy Hedge Fund ^{2,3}	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
Global Inflation Protection Fund ²	2.7%	2.8%	17.5%	12.1%	9.1%	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	0.6%	2.0%	7.8%	9.1%	6.5%	—
EQUITY AND FIXED INCOME						
Balanced Fund	3.1%	6.2%	15.0%	18.0%	11.9%	10.2%
Blended Balanced Index ⁵	2.6%	6.6%	15.8%	17.9%	12.8%	11.2%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
Blended Conservative Index ⁶	—	—	—	—	—	—
Income Fund ²	1.2%	2.6%	5.3%	11.1%	7.9%	—
Blended Income Index ⁶	1.4%	2.9%	6.6%	11.4%	8.1%	—
BVI Income Fund	1.4%	2.7%	5.8%	11.8%	—	—
Blended SRI Income Index ⁶	1.4%	2.9%	6.6%	11.8%	—	—
Income & Growth Fund ²	1.8%	3.6%	9.3%	13.7%	10.0%	—
Blended Income & Growth Index ⁶	2.1%	4.0%	10.0%	14.2%	10.1%	—
BVI Income & Growth Fund	2.0%	3.8%	9.2%	14.5%	10.2%	—
Blended SRI Income & Growth Index ⁶	2.1%	4.0%	10.0%	14.2%	10.1%	—
Growth Fund ²	2.5%	4.8%	12.7%	15.3%	11.2%	—
Blended Growth Index ⁶	2.7%	5.0%	13.2%	16.1%	11.4%	—
BVI Growth Fund	2.7%	5.0%	12.7%	17.2%	12.2%	—
Blended SRI Growth Index ⁶	2.7%	5.0%	13.2%	16.4%	11.6%	—
Aggressive Growth Fund ²	3.2%	5.9%	16.1%	16.9%	12.3%	—
Blended Aggressive Growth Index ⁶	3.3%	6.0%	16.7%	17.7%	12.5%	—
BVI Aggressive Growth Fund	3.3%	6.1%	15.9%	19.7%	—	—
Blended SRI Aggressive Growth Index ⁶	3.3%	6.0%	16.7%	18.7%	—	—
U.S. INFLATION						
Consumer Price Index (November 2021) ⁷	0.5%	1.6%	6.8%	3.3%	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.