



There are 27 emerging market countries, including China, India, Mexico, and Russia.

From Brethren Foundation Funds

Investment Perspective

October 2021

Markets and the Economy

Investor anxiety about higher inflation, Washington's ongoing wrangling over the debt ceiling, and less sanguine data on U.S. economic growth all weighed on the markets as the S&P 500 Index declined 4.7 percent in September; the Index was up 0.6 percent during the third quarter and has risen 15.9 percent since Jan. 1. The Federal Reserve signaled it would start slowing the pace of monthly bond purchases as early as November and possibly begin to raise interest rates next year. Led by energy prices, the Consumer Price Index increased 0.2 percent in August; the CPI is up 5.3 percent from a year ago. Real GDP growth in the second quarter was revised up to a 6.7 percent annual rate from a prior estimate of 6.6 percent. The bond market, as measured by the Bloomberg Barclays U.S. Government/Credit Bond Index, decreased 1.1 percent in September and was flat during the third quarter, down 1.9 percent since Jan. 1.

The European Central Bank signaled it would

keep its key benchmark interest rates in negative territory through 2023, and is slowing down the pace of its bond-buying program. Led by rising natural gas prices, prices for services, and shipping bottlenecks for durable goods, inflation in the eurozone jumped 3.4 percent in September from a year earlier, up from the 3 percent annual inflation rate recorded in August, and well above the European Central Bank's 2 percent target. Rising energy prices contributed to the United Kingdom's consumer price index rising by 3.2 percent in August from a year earlier. Energy supply shortages and policies to limit emissions contributed to constraints on electricity use, production interruptions, and contraction of China's manufacturing activity in September versus August. International equities, as measured by the MSCI EAFE Index, declined 2.9 percent in September; the Index decreased 0.4 percent during the third quarter, and is up 8.3 percent since the beginning of the year. ■

BFFI Selects New Emerging Markets Stock Fund Manager

The Emerging Markets Stock Fund is offered as a diversifier that is intended to reduce the volatility of an investment portfolio

Hartford Schrodgers Emerging Markets Equity Fund has been selected by Brethren Foundation Funds' investment committee to serve as the firm's Emerging Markets Stock Fund manager. The mutual fund is a product of Hartford Funds, a registered investment adviser located in New York, which began managing the assets of BFFI's Emerging Markets Stock Fund in May.

The Emerging Markets Stock Fund is offered as a diversifier that is intended to reduce the volatility of an investment portfolio. Typically, diversifiers represent a small portion of a portfolio and, therefore, this investment option has insufficient assets to secure a manager that can be required to honor BFFI's Brethren Values Investing guidelines. In order to offer this investment option for those who wish to use it, BFFI must employ the services of a mutual fund manager that is only bound by its own investment guidelines. Accordingly, the Emerging Markets Stock Fund may not comply with BVI guidelines.

In addition to being offered as a stand-alone strategic investment option, the Emerging Markets Stock Fund can be included in the asset allocation of the following tactical funds: Aggressive Growth Fund, Growth Fund, Income and Growth Fund, and Income Fund.

Hartford Schrodgers Emerging Markets Equity Fund replaces the DFA Emerging Markets Value Portfolio, which was unable to meet BFFI's performance expectations. ■

Fund Performance Report

for the period ending September 30, 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	0.0%	(0.1)%	(0.1)%	1.1%	1.0%	0.8%
ICE BofAML 6-Month Treasury Bill Index	0.0%	0.0%	0.1%	1.4%	1.3%	0.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ¹	(0.3)%	0.1%	0.9%	1.9%	1.8%	1.8%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(1.0)%	0.0%	(2.4)%	6.1%	3.4%	3.5%
Bloomberg Barclays U.S. Government/Credit Bond Index	(1.1)%	0.0%	(1.9)%	5.9%	3.2%	3.2%
Bond Fund	(1.1)%	(0.3)%	(1.8)%	6.2%	3.5%	3.7%
Bloomberg Barclays U.S. Government/Credit Bond Index	(1.1)%	0.0%	(1.9)%	5.9%	3.2%	3.2%
Treasury Inflation-Protected Securities Fund ²	(1.1)%	1.7%	3.5%	7.2%	4.7%	3.0%
Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index	(0.7)%	1.8%	3.5%	7.4%	4.3%	3.1%
Bank Loans Fund ²	0.5%	1.0%	4.3%	3.6%	—	—
S&P/LSTA U.S. Leveraged Loan 100 Index	0.6%	1.0%	3.2%	3.9%	—	—
High Yield Bond Fund ²	0.2%	1.0%	5.0%	6.8%	6.5%	7.2%
Bloomberg Barclays U.S. Corporate High Yield Bond Index	0.0%	0.9%	4.5%	6.9%	6.5%	7.4%
Global Aggregate Fixed Income Fund ^{2,3}	—	—	—	—	—	—
Bloomberg Barclays Global Aggregate Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Large Cap Core Index Fund ⁴	(4.6)%	0.6%	15.8%	16.1%	16.7%	—
S&P 500 Index	(4.7)%	0.6%	15.9%	16.0%	16.9%	—
Domestic Stock Mid Cap Fund	(4.7)%	(0.1)%	12.5%	9.5%	8.8%	13.5%
Russell Midcap Index	(4.1)%	(0.9)%	15.2%	14.2%	14.4%	15.5%
Domestic Stock Growth Fund	(6.0)%	0.4%	16.8%	17.3%	17.8%	15.9%
Russell 1000 Growth Index	(5.6)%	1.2%	14.3%	22.0%	22.8%	19.7%
Domestic Stock Fund	(5.1)%	0.3%	15.1%	14.1%	14.2%	14.2%
S&P 500 Index	(4.7)%	0.6%	15.9%	16.0%	16.9%	16.6%
Small Cap Fund	(2.8)%	(0.4)%	10.3%	16.9%	21.7%	17.8%
Russell 2000 Index	(2.9)%	(4.4)%	12.4%	10.5%	13.5%	14.6%
INTERNATIONAL EQUITY						
International Stock Core Fund	(4.3)%	0.1%	3.5%	10.3%	10.3%	8.7%
MSCI EAFE Index	(2.9)%	(0.4)%	8.3%	7.6%	8.8%	8.1%
Emerging Markets Stock Fund ²	(3.7)%	(8.7)%	6.1%	3.7%	6.8%	4.2%
MSCI Emerging Markets Index	(4.0)%	(8.1)%	(1.2)%	8.6%	9.2%	6.1%
ALTERNATIVE INVESTMENTS						
Commodities-Based Fund ²	3.0%	7.5%	34.4%	11.3%	6.7%	(1.9)%
Bloomberg Commodity Total Return Index	5.0%	6.4%	29.1%	6.9%	4.5%	(2.7)%
Public Real Estate Fund ²	(5.2)%	(0.8)%	14.3%	7.8%	5.0%	7.2%
S&P Developed Property Index	(5.2)%	(0.3)%	15.3%	7.9%	6.1%	9.7%
Multi-Strategy Hedge Fund ^{2,3}	—	—	—	—	—	—
60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index	—	—	—	—	—	—
Global Inflation Protection Fund ³	(1.3)%	(0.1)%	14.3%	9.7%	7.9%	—
Bloomberg Barclays U.S. TIPS 1-10 Year Index + 2%	(0.4)%	2.2%	5.6%	8.5%	5.9%	—
EQUITY AND FIXED INCOME						
Balanced Fund	(3.5)%	0.1%	8.3%	11.7%	10.4%	10.2%
Blended Balanced Index ⁵	(3.2)%	0.4%	8.6%	12.3%	11.6%	11.3%
TACTICAL FUNDS (additional fees apply)						
Conservative Fund ^{2,3}	—	—	—	—	—	—
Blended Conservative Index ⁶	—	—	—	—	—	—
Income Fund ²	(2.3)%	0.1%	2.7%	8.2%	7.0%	—
Blended Income Index ⁶	(2.3)%	(0.3)%	3.6%	9.0%	7.1%	—
BVI Income Fund	(2.4)%	(0.1)%	3.1%	9.0%	—	—
Blended SRI Income Index ⁶	(2.3)%	(0.3)%	3.6%	9.1%	—	—
Income & Growth Fund ²	(2.8)%	(0.2)%	5.4%	9.5%	9.2%	—
Blended Income & Growth Index ⁶	(2.7)%	(0.5)%	5.8%	10.2%	9.2%	—
BVI Income & Growth Fund	(2.8)%	0.0%	5.2%	10.2%	9.2%	—
Blended SRI Income & Growth Index ⁶	(2.7)%	(0.5)%	5.8%	10.2%	9.0%	—
Growth Fund ²	(3.3)%	(0.2)%	7.5%	10.2%	10.2%	—
Blended Growth Index ⁶	(3.2)%	(0.6)%	7.9%	11.1%	10.3%	—
BVI Growth Fund	(3.3)%	0.1%	7.3%	11.5%	10.9%	—
Blended SRI Growth Index ⁶	(3.2)%	(0.6)%	7.9%	11.2%	10.5%	—
Aggressive Growth Fund ²	(3.8)%	(0.3)%	9.6%	10.9%	11.1%	—
Blended Aggressive Growth Index ⁶	(3.7)%	(0.8)%	10.1%	11.9%	11.3%	—
BVI Aggressive Growth Fund	(3.8)%	0.2%	9.3%	12.4%	—	—
Blended SRI Aggressive Growth Index ⁶	(3.7)%	(0.8)%	10.1%	12.1%	—	—
U.S. INFLATION						
Consumer Price Index (August 2021) ⁷	0.2%	1.6%	5.1%	2.8%	2.6%	1.9%

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.