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# Investment Perspective

FROM BRETHERN FOUNDATION

DECEMBER 2010

## MARKETS AND THE ECONOMY

The November markets ended on a sour note, dragged down by continuing global concerns such as the European debt crisis, inflation in China, and escalating tension in Korea. The MSCI EAFE index gave up most of its year-to-date gains with a 4.8 percent decline in November, leaving its 2010 performance at 0.1 percent. Domestic markets, although affected by global tensions, were buoyed by positive signs of continuing economic recovery in the U.S. Leading domestic economic indicators topped expectations. Retail sales were up sharply compared with the forecast. The third quarter gross domestic product was better than expected, jobless claims were lower than expected, and consumer confidence continued to tick higher. During November, the S&P 500 index rose a slight 0.01 percent, nudging its 2010 performance to 7.9 percent. The Barclays Capital U.S. Government Credit Bond index declined 0.8 percent for a year-to-date performance of 8.1 percent.

## ENDING THE YEAR

As you plan end-of-year financial activities for your assets invested with Brethren Foundation, please consider the following advice —

The suggestions noted here are offered as guidance to minimize the unexpected and undesired processing difficulties and delays that can occur around the holidays and at the end of the year.

- **Withdrawals.** To be certain that a withdrawal from your account is completed before the end of 2010, the properly completed and signed paperwork must be received at the Brethren Foundation office no later than noon on Monday, Dec. 28. Completed forms may be submitted by fax to 847-742-0135, sent as an attachment to an e-mail message to [slipinski\\_bbt@brethren.org](mailto:slipinski_bbt@brethren.org), or mailed through the postal service to 1505 Dundee Ave., Elgin, IL 60120.
- **Deposits.** To ensure that a deposit is recorded in 2010, it must be received by BFI by noon on Dec. 28. Instructions for electronic transfer of assets may be sent by fax, e-mail, or postal service. Properly endorsed checks and the related paperwork should be sent to Brethren Foundation Inc., 1505 Dundee Ave., Elgin, IL 60120. **PLEASE NOTE: BFI's lockbox has been closed. Processing of checks sent to the old lockbox address will be delayed.**
- **Securities transfers.** Sometimes organizations call on BFI to assist with the transfer of securities, such as stocks or mutual funds, from donors. Since other companies are involved in such a transfer, it is difficult to predict or control the pace of the transfer. Therefore, BFI should be contacted as soon as possible to initiate this process; doing that will increase the likelihood that your transfer will be completed in 2010.
- **Rebalancing.** Now would be a good time for all organizations to consider the merits of rebalancing. This year's market activity has undoubtedly shifted your asset allocation, and now would be a good time to restore the portfolio to the allocations specified in your investment strategy.
- **Special situations.** If special situations exist that call for end-of-year activity other than those mentioned above, please contact Steve Lipinski as soon as possible so that he can help with the process.

The suggestions noted here are offered as guidance to minimize the unexpected and undesired processing difficulties and delays that can occur around the holidays and at the end of the year. BFI staff will gladly assist you in every way possible.

Please contact Steve Mason, director of Brethren Foundation, if you have additional questions.



# Fund Performance Report

for the period ending Nov. 30, 2010



All periods longer than one year are annualized.

## Performance Report

Funds (Net of Investment Fees) Benchmarks (Gross)	Current Month	Three Months	Year-to-Date	Three Years	Five Years
<b>SHORT-TERM</b>					
<b>Short-Term Fund</b>	0.0%	0.2%	1.3%	2.2%	3.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.0%	0.1%	0.3%	0.8%	2.3%
<b>COMMUNITY DEVELOPMENT</b>					
<b>Community Development Investment Fund</b> <sup>2</sup>	0.4%	1.4%	4.0%	3.4%	3.3%
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A
<b>FIXED INCOME</b>					
<b>Bond Core Fund</b>	(0.5)%	(0.2)%	9.7%	7.5%	6.8%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.8)%	(0.5)%	8.1%	6.2%	6.1%
<b>Bond Fund</b>	(0.6)%	(0.1)%	10.0%	7.6%	6.9%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.8)%	(0.5)%	8.1%	6.2%	6.1%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	(1.2)%	N/A	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	1.7%	N/A	N/A	N/A	N/A
<b>High Yield Bond Fund</b> <sup>3</sup>	(0.5)%	3.0%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	(1.2)%	4.4%	N/A	N/A	N/A
<b>DOMESTIC EQUITY</b>					
<b>Domestic Stock Core Fund</b>	(0.2)%	12.2%	5.9%	(4.8)%	2.2%
<i>S&amp;P 500 Index</i>	0.0%	13.1%	7.9%	(5.2)%	1.0%
<b>Domestic Stock Value Fund</b>	2.1%	N/A	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	(0.5)%	N/A	N/A	N/A	N/A
<b>Domestic Stock Growth Fund</b>	0.6%	14.4%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	1.2%	17.3%	N/A	N/A	N/A
<b>Domestic Stock Fund</b>	0.9%	15.0%	9.7%	(2.1)%	3.2%
<i>S&amp;P 500 Index</i>	0.0%	13.1%	7.9%	(5.2)%	1.0%
<b>Small Cap Fund</b>	3.5%	19.1%	18.4%	4.0%	6.2%
<i>Russell 2000 Index</i>	3.5%	21.1%	17.5%	(0.4)%	2.8%
<b>Public Real Estate Fund</b> <sup>3,4</sup>	(3.7)%	8.0%	N/A	N/A	N/A
<i>FTSE EPRA/NAREIT Global Real Estate Index</i>	(4.2)%	8.5%	N/A	N/A	N/A
<b>INTERNATIONAL EQUITY</b>					
<b>International Stock Core Fund</b>	(4.0)%	8.6%	2.2%	(7.9)%	2.3%
<i>MSCI EAFE Index</i>	(4.8)%	8.4%	0.1%	(9.6)%	2.3%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	(3.1)%	9.6%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	(2.6)%	11.4%	N/A	N/A	N/A
<b>ALTERNATIVES</b>					
<b>Commodities-Based Fund</b> <sup>3</sup>	(2.5)%	10.6%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	(0.4)%	12.2%	N/A	N/A	N/A
<b>EQUITY AND FIXED INCOME</b>					
<b>Balanced Fund</b>	0.3%	8.8%	10.2%	2.3%	5.1%
<i>Blended Balanced Index</i> <sup>5</sup>	(0.3)%	7.3%	7.5%	(1.3)%	2.6%
<b>U.S. INFLATION</b>					
<b>Consumer Price Index</b> (October 2010) <sup>6</sup>	0.1%	0.3%	1.2%	1.5%	1.9%

<sup>1</sup> Changed May 1, 2009. 3-year and 5-year blended with 90-day Treasury Bill. <sup>2</sup> CDIF interest accrues on a quarterly 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> Net of mutual fund expenses only; no assets under BFI management are currently 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.