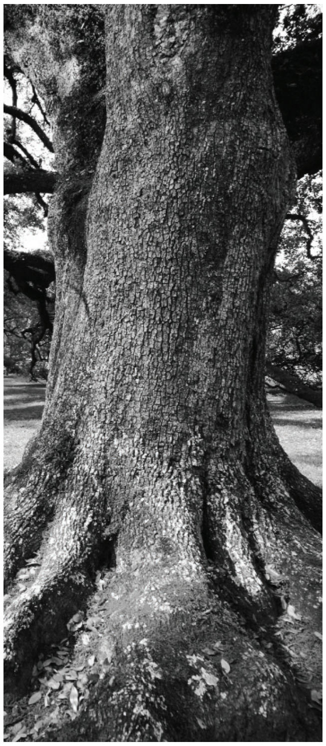

Investment Perspective

FROM BRETHREN FOUNDATION JANUARY 2014

Markets and the Economy

Even though the Federal Reserve announced it is scaling back its stimulus efforts, the S&P 500 Index increased 2.5 percent in December, and its yearly gain in 2013 of 32.4 percent was its best performance since 1997. The U.S. economy, as measured by the gross domestic product, grew at an annualized rate of 4.1 percent in the third quarter, revised up from its previous estimate of 3.6 percent. The jobless rate fell from 7.3 percent to 7 percent as hiring strengthened in November. November housing starts rose 22.7 percent over the prior month. Personal consumption rose 0.5 percent in November from a month earlier, and personal income increased only 0.2 percent in November over the previous month, meaning consumers spent more than they earned. The bond market, as measured by the Barclays Capital Government/Credit Index, declined 0.6 percent in December and 2.4 percent for the entire year.

Despite historically low interest rates and unprecedented monetary stimulus, annualized inflation in the eurozone was 0.9 percent in November, while inflation in the U.K. weakened to its slowest pace in four years, only rising at an annualized rate of 2.1 percent during the month from a year earlier — only slightly above the Bank of England's target of 2 percent (See Page 2 for U.S. Consumer Price Index data, which serves as a general indicator of U.S. inflation). The U.K. unemployment rate dropped to 7.4 percent, its lowest level since 2009. Japan revised downward its third quarter annualized GDP to 1.1 percent from an initial estimate of 1.9 percent. China's manufacturing sector showed signs of softening in December. Brazil's economy, Latin America's largest, contracted at an annualized rate of 1.9 percent in the third quarter. International equities, as measured by the MSCI EAFE Index, increased 1.5 percent during December, up 23.3 percent for 2013.

Domestic Stock Value Fund Becomes Domestic Stock Mid Cap Fund

During its November 2013 meeting, the Brethren Foundation Board of Directors determined that the Domestic Stock Value Fund should be renamed the Domestic Stock Mid Cap Fund. The BFI Board believes that this change in fund name correctly recognizes Iridian's investment style, and it reveals a range of investment options that was not previously evident to clients.

During its November 2013 meeting, the Brethren Foundation Board of Directors determined that the Domestic Stock Value Fund should be renamed the Domestic Stock Mid Cap Fund.

Iridian Asset Management has been the investment manager for this asset class since January 2000, initially serving only as one of three managers of assets in the Domestic Stock Fund. Despite being a mid-cap manager, Iridian was considered by BFI to be its domestic large-cap value manager. Since August 2010 when the Domestic Stock Value Fund was first offered as a separate investment option, that fund has been measured against a domestic large-cap value benchmark, the Russell 1000 Value Index.

Iridian will continue to serve BFI, but it will now be recognized as a domestic mid-cap manager, and its performance will be measured against a domestic mid-cap benchmark, the Russell Midcap Index. The Russell 1000 Value Index will be replaced by the Russell Midcap Index in the Tactical Funds served by Iridian. Iridian will continue to manage a portion of the Domestic Stock Fund, which will still be measured against the S&P 500 Index. The name and benchmark of the unblended investment option that Iridian serves will change, and clients previously invested in the Domestic Stock Value Fund will see the name of the investment option changed to Domestic Stock Mid Cap Fund.

All of BFI's domestic equity investment options can be found on Page 2 of this newsletter.

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

Fund Performance Report

for the period ending Dec. 31, 2013

All periods longer than one year are annualized.

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%	0.4%	0.8%	1.3%	2.2%
Merrill Lynch 6-Month Treasury Bill Index [1]	*0.0%*	*0.0%*	*0.2%*	*0.2%*	*0.3%*	*1.7%*
COMMUNITY DEVELOPMENT						
Community Development Investment Fund [2]	0.2%	0.5%	2.2%	2.2%	2.5%	2.7%
No Benchmark	—	—	—	—	—	—
FIXED INCOME						
Bond Core Fund	(0.5)%	0.0%	(2.3)%	3.9%	6.4%	5.0%
Barclays Capital U.S. Government/Credit Bond Index	*(0.6)%*	*0.0%*	*(2.4)%*	*3.6%*	*4.4%*	*4.5%*
Bond Fund	(0.5)%	0.1%	(2.5)%	3.9%	6.5%	5.0%
Barclays Capital U.S. Government/Credit Bond Index	*(0.6)%*	*0.0%*	*(2.4)%*	*3.6%*	*4.4%*	*4.5%*
Treasury Inflation-Protected Securities Fund [3]	(2.5)%	(2.9)%	(10.3)%	2.8%	—	—
Barclays Capital U.S. TIPS Index	*(1.5)%*	*(2.0)%*	*(8.6)%*	*3.6%*	—	—
Bank Loans Fund [3,4]	—	—	—	—	—	—
CSFB Leveraged Loan Index	—	—	—	—	—	—
High Yield Bond Fund [3]	0.6%	3.1%	7.8%	8.9%	—	—
Barclays Capital U.S. Corporate High Yield Bond Index	*0.5%*	*3.6%*	*7.4%*	*9.3%*	—	—
Global Aggregate Fixed Income Fund [3,4]	—	—	—	—	—	—
Barclays Capital Global Aggregate Bond Index	—	—	—	—	—	—
DOMESTIC EQUITY						
Domestic Stock Core Fund	2.8%	11.0%	33.2%	13.8%	15.8%	7.2%
S&P 500 Index	*2.5%*	*10.5%*	*32.4%*	*16.2%*	*17.9%*	*7.4%*
Domestic Stock Mid Cap Fund	5.0%	13.8%	41.3%	22.1%	—	—
Russell Midcap Index	*3.0%*	*8.4%*	*34.8%*	*15.9%*	—	—
Domestic Stock Growth Fund	3.0%	10.0%	31.6%	14.8%	—	—
Russell 1000 Growth Index	*2.9%*	*10.4%*	*33.5%*	*16.5%*	—	—
Domestic Stock Fund	3.6%	11.6%	35.3%	16.9%	19.3%	9.0%
S&P 500 Index	*2.5%*	*10.5%*	*32.4%*	*16.2%*	*17.9%*	*7.4%*
Small Cap Fund	2.4%	6.3%	29.3%	16.7%	21.8%	11.6%
Russell 2000 Index	*2.0%*	*8.7%*	*38.8%*	*15.7%*	*20.1%*	*9.1%*
INTERNATIONAL EQUITY						
International Stock Core Fund	1.4%	5.7%	21.9%	7.7%	12.2%	6.8%
MSCI EAFE Index	*1.5%*	*5.8%*	*23.3%*	*8.7%*	*13.0%*	*7.4%*
Emerging Markets Stock Fund [3]	(0.2)%	0.0%	(2.7)%	(5.2)%	—	—
MSCI Emerging Markets Index	*(1.4)%*	*1.9%*	*(2.3)%*	*(1.7)%*	—	—
ALTERNATIVES						
Commodities-Based Fund [3]	1.5%	(2.3)%	(15.0)%	(6.5)%	—	—
Dow Jones UBS Commodity Index	*1.2%*	*(1.1)%*	*(9.5)%*	*(8.1)%*	—	—
Public Real Estate Fund [3]	0.2%	(1.8)%	2.9%	—	—	—
S&P Developed Property Index	*0.3%*	*(0.2)%*	*5.9%*	—	—	—
Multi-Strategy Hedge Fund [3,4]	—	—	—	—	—	—
60% S&P 500 Index/40% Barclays Capital U.S. Aggregate Bond Index	—	—	—	—	—	—
EQUITY AND FIXED INCOME						
Balanced Fund	2.0%	7.0%	19.1%	11.9%	14.4%	7.8%
Blended Balanced Index [5]	*1.3%*	*6.2%*	*17.4%*	*11.2%*	*12.7%*	*6.5%*
TACTICAL FUNDS (additional fees apply)						
Conservative Fund [3,4]	—	—	—	—	—	—
Blended Conservative Index	—	—	—	—	—	—
Income Fund [3,4]	—	—	—	—	—	—
Blended Income Index	—	—	—	—	—	—
Income & Growth Fund [3]	1.0%	—	—	—	—	—
Blended Income & Growth Index	*0.9%*	—	—	—	—	—
Growth Fund [3]	1.3%	—	—	—	—	—
Blended Growth Index	*1.2%*	—	—	—	—	—
Aggressive Growth Fund [3]	1.3%	—	—	—	—	—
Blended Aggressive Growth Index	*1.3%*	—	—	—	—	—
U.S. INFLATION						
Consumer Price Index (November 2013) [6]	(0.2)%	(0.4)%	1.4%	2.2%	1.9%	2.4%

[1] Changed May 1, 2009. 5-year and 10-year blended with 90-day Treasury Bill. [2] CDIF interest accrues on a daily basis. [3] 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. [4] No assets invested in this fund. [5] Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). [6] Most recent data available. CPI data are not seasonally adjusted.

Performance Report