



Top 25 Publicly Traded Defense Contractors in 2011

1. Lockheed Martin
2. Boeing
3. General Dynamics
4. Raytheon
5. Northrop Grumman
6. United Technologies
7. L-3 Communications
8. BAE Systems
9. Oshkosh
10. SAIC
11. Textron
12. Huntington Ingalls
Industries
13. Humana
14. Health Net
15. ITT Excelis
16. General Electric
17. Computer Sciences Corp.
18. Fluor
19. KBR
20. Booz Allen Hamilton
21. URS
22. CACI International
23. FedEx
24. ManTech International
25. Alliant Techsystems



Investment Perspective

FROM BRETHREN FOUNDATION

MAY 2012

MARKETS AND THE ECONOMY

After a strong first quarter, the Standard & Poor's 500 Index declined 0.6 percent during April but remains up 11.9 percent year-to-date. The bond market, as measured by the Barclays Capital Government/Credit Index, increased 1.4 percent during April and is up the same amount year-to-date.

First quarter real GDP grew at an annualized pace of 2.2 percent, down from 3.0 percent in the fourth quarter of 2011. The unemployment rate edged lower to 8.2 percent for the first quarter, and personal consumption expenditures (a measure of goods and services purchased by consumers) rose 2.9 percent. First quarter corporate earnings were positive, but business spending weakened. With this backdrop of mixed economic results, the Federal Reserve reaffirmed its plan to keep short-term interest rates near zero well into 2014 to support economic growth.

European central bank stimulus and fiscal austerity measures are not achieving their desired results in financially troubled European nations. Manufacturing activity in the eurozone fell to its lowest level since 2009, and real GDP in the U.K. contracted for the second consecutive quarter. International equities, as measured by the MSCI EAFE, declined 1.8 percent during April, but that index is up 8.9 percent year-to-date.

ANNUAL DEPARTMENT OF DEFENSE CONTRACTOR LISTS RELEASED

Each year as part of its socially responsible investing initiatives, Brethren Foundation requests that investment manager Boston Common Asset Management compile two lists of companies that earned significant revenue from U.S. military operations in the government's most recently completed fiscal year. One list identifies the top 25 publicly traded defense contractors based on the size of contracts awarded by the Department of Defense, and the other list includes all publicly traded companies that generated more than 10 percent of their revenue from Department of Defense contracts. The lists produced for 2012 were adopted by the BFI Board during its April meeting. The firms on the lists will be screened from BFI's investment portfolios by all of its investment managers in 2012, as directed by BFI's *Investment Guidelines*, as will firms that receive more than 10 percent of their revenue from abortion, alcohol, firearms and other weapons, gambling, pornography, or tobacco.

New to this year's top 25 list are the following companies — Huntington Ingalls Industries, ITT Excelis (former defense subsidiary of ITT), Booz Allen Hamilton, ManTech, and Alliant Techsystems. Absent from this year's list are ITT, Harris, Navistar, DynCorp, and Honeywell. BFI screens 56 additional companies from its investments because those firms receive more than 10 percent of their revenue from defense contracts. Copies of these lists are available upon request or at www.brethrenbenefittrust.org/screening.

Several household names appear on the Department of Defense lists this year, including shipping company FedEx. In addition to screening FedEx out of its investments, BFI will not use any of FedEx's services — or the services of any other company that appears on these lists — in 2012.

Please contact Steve Mason, director of Brethren Foundation, with questions or comments.

Fund Performance Report

for the period ending April 30, 2012



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	Ten Years
SHORT-TERM						
Short-Term Fund	0.0%	0.4%	1.0%	1.3%	2.2%	2.5%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.0%	0.0%	0.3%	1.0%	1.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.2%	0.6%	0.7%	2.5%	2.8%	N/A
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A	N/A
FIXED INCOME						
Bond Core Fund	1.0%	0.6%	2.1%	9.5%	7.0%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.4%	0.4%	1.4%	7.5%	6.4%	N/A
Bond Fund	0.9%	0.4%	2.0%	9.6%	7.0%	6.3%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.4%	0.4%	1.4%	7.5%	6.4%	5.9%
Treasury Inflation-Protected Securities Fund ³	1.8%	1.0%	2.8%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	2.0%	0.6%	2.9%	N/A	N/A	N/A
High Yield Bond Fund ³	1.0%	3.0%	6.4%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	1.1%	3.3%	6.4%	N/A	N/A	N/A
DOMESTIC EQUITY						
Domestic Stock Core Fund	(0.9)%	6.7%	12.1%	15.6%	1.3%	4.6%
<i>S&P 500 Index</i>	(0.6)%	7.1%	11.9%	19.5%	1.0%	4.7%
Domestic Stock Value Fund	2.1%	9.4%	19.9%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	(1.0)%	6.0%	10.0%	N/A	N/A	N/A
Domestic Stock Growth Fund	(0.1)%	6.7%	12.8%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	(0.2)%	8.1%	14.5%	N/A	N/A	N/A
Domestic Stock Fund	0.4%	7.6%	14.9%	19.1%	3.3%	6.1%
<i>S&P 500 Index</i>	(0.6)%	7.1%	11.9%	19.5%	1.0%	4.7%
Small Cap Fund	(0.5)%	5.2%	11.5%	27.4%	7.4%	N/A
<i>Russell 2000 Index</i>	(1.5)%	3.4%	10.7%	20.3%	1.5%	N/A
Public Real Estate Fund ³	2.4%	6.6%	14.2%	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	2.1%	7.1%	15.2%	N/A	N/A	N/A
INTERNATIONAL EQUITY						
International Stock Core Fund	(1.1)%	5.5%	11.1%	14.1%	(3.1)%	5.8%
<i>MSCI EAFE Index</i>	(1.8)%	3.4%	8.9%	12.3%	(4.3)%	5.9%
Emerging Markets Stock Fund ³	(2.2)%	(0.7)%	11.6%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	(1.2)%	1.3%	12.8%	N/A	N/A	N/A
ALTERNATIVES						
Commodities-Based Fund ³	1.0%	(1.6)%	3.1%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	(0.4)%	(2.0)%	0.5%	N/A	N/A	N/A
EQUITY AND FIXED INCOME						
Balanced Fund	0.6%	4.8%	9.8%	15.7%	5.3%	6.5%
<i>Blended Balanced Index</i> ⁴	0.2%	4.4%	7.6%	14.9%	3.6%	5.5%
U.S. INFLATION						
Consumer Price Index (March 2012) ⁵	0.8%	1.6%	1.6%	2.6%	2.2%	2.5%

¹ Changed May 1, 2009. 3-year, 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 Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁵ Most recent data available. CPI data are not seasonally adjusted.