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# Investment Perspective

FROM BRETHREN FOUNDATION

DECEMBER 2012

## MARKETS AND THE ECONOMY

Uncertainty surrounding the U.S. election and federal budget policies contributed to a volatile month, during which the S&P 500 advanced 0.6 percent. That benchmark has grown 15 percent year-to-date. The U.S. economy grew 2.7 percent in the third quarter — stronger than the initial estimate of 2 percent, and stronger still than its second quarter growth of 1.3 percent. The housing sector continues to provide support for the economy's growth; demand for previously owned homes hit its highest level in 2½ years. Yet the recovery remains troubled, and the Federal Reserve suggested it will keep pushing down long-term interest rates to stimulate the U.S. economy. The bond market, as measured by the Barclays Capital Government/Credit Index, increased 0.3 percent in November, bringing the year-to-date performance to 5.1 percent.

On the global landscape, the Eurozone's financial troubles contributed to regional unemployment rising to 11.7 percent. On the plus side, the U.K.'s third quarter real GDP grew 1 percent, and China's fiscal policies spurred growth in the manufacturing and service sectors. International equities, as measured by the MSCI EAFE, increased 2.4 percent during November and 14.2 percent since the beginning of the year.

## TASKS TO CONSIDER AT THE END OF THE YEAR

As 2012 comes to an end, please consider the following —

- **Initiating transactions.** To be certain that transactions are recorded in 2012, the properly completed and signed paperwork, with assets (EFT or checks) in the case of deposits, must be received at the Brethren Foundation office no later than noon CST on Dec. 26. Paperwork may be submitted by fax to 847-960-5712, sent as an attachment to an email message to [bfi@cobbt.org](mailto:bfi@cobbt.org), or mailed through the postal service to 1505 Dundee Ave., Elgin, IL 60120 (please allow ample time for delivery).
- **Processing securities transfers.** Sometimes, organizations call on BFI to assist with the transfer of securities, such as stocks or mutual funds, from donors. Since these are third-party transactions, 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 so will increase the likelihood that the transfer will be completed in 2012.
- **Rebalancing your organization's portfolio.** Now would be a good time for all organizations that don't have rebalancing instructions on file with BFI to consider rebalancing their portfolios.
- **Updating your list of authorized individuals.** Organizations minimize the chance of unauthorized transactions occurring by ensuring that their list of individuals authorized to conduct business with BFI is up-to-date.
- **Confirming your primary contact's email address.** Please make sure that the email address for the primary contact is correct. BFI uses email to quickly distribute important information to all clients.
- **Registering for BFI's client portal.** Organizations are encouraged to sign up for online account management. Authorized users can access monthly statements, initiate transactions, and more.

Organizations minimize the chance of unauthorized transactions occurring by ensuring that their list of individuals authorized to conduct business with BFI is up-to-date.



Please contact Steve Lipinski at [slipinski@cobbt.org](mailto:slipinski@cobbt.org) or 847-622-3377 as soon as possible for assistance with any of these matters or other special situations that may exist.

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

# Fund Performance Report

for the period ending Nov. 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
<b>SHORT-TERM</b>						
<b>Short-Term Fund</b>	0.3%	0.2%	1.6%	1.0%	1.7%	2.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.0%	0.0%	0.1%	0.3%	0.6%	1.8%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>2</sup>	0.2%	0.5%	2.0%	2.4%	2.7%	N/A
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A	N/A
<b>FIXED INCOME</b>						
<b>Bond Core Fund</b>	0.2%	1.1%	6.9%	6.9%	7.1%	6.1%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.3%	0.7%	5.1%	6.2%	6.2%	5.6%
<b>Bond Fund</b>	0.2%	1.3%	7.1%	7.1%	7.1%	6.2%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.3%	0.7%	5.1%	6.2%	6.2%	5.6%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	0.9%	2.0%	7.0%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	0.5%	1.9%	7.7%	N/A	N/A	N/A
<b>High Yield Bond Fund</b> <sup>3</sup>	0.8%	3.1%	13.5%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	0.8%	3.1%	14.0%	N/A	N/A	N/A
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Core Fund</b>	0.6%	0.9%	14.5%	8.1%	0.3%	6.1%
<i>S&amp;P 500 Index</i>	0.6%	1.3%	15.0%	11.3%	1.3%	6.4%
<b>Domestic Stock Value Fund</b>	2.8%	5.6%	25.8%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	0.0%	2.6%	15.1%	N/A	N/A	N/A
<b>Domestic Stock Growth Fund</b>	1.5%	1.8%	14.0%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	1.7%	0.6%	15.3%	N/A	N/A	N/A
<b>Domestic Stock Fund</b>	1.6%	2.8%	18.0%	12.3%	3.2%	7.9%
<i>S&amp;P 500 Index</i>	0.6%	1.3%	15.0%	11.3%	1.3%	6.4%
<b>Small Cap Fund</b>	1.0%	3.6%	11.3%	17.8%	7.6%	N/A
<i>Russell 2000 Index</i>	0.5%	1.6%	12.4%	13.9%	2.8%	N/A
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	1.7%	4.2%	11.7%	3.9%	(3.4)%	7.7%
<i>MSCI EAFE Index</i>	2.4%	6.4%	14.2%	3.4%	(4.3)%	8.0%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	0.7%	6.7%	10.8%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	1.3%	6.8%	13.1%	N/A	N/A	N/A
<b>REAL ASSETS</b>						
<b>Commodities-Based Fund</b> <sup>3</sup>	1.2%	0.5%	9.7%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	0.1%	(2.2)%	1.6%	N/A	N/A	N/A
<b>Public Real Estate Fund</b> <sup>3</sup>	0.5%	3.2%	17.9%	N/A	N/A	N/A
<i>S&amp;P Developed Property Index</i>	0.7%	3.6%	23.8%	N/A	N/A	N/A
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	1.1%	2.2%	13.9%	10.6%	5.3%	7.6%
<i>Blended Balanced Index</i> <sup>4</sup>	0.5%	1.1%	11.1%	9.6%	3.7%	6.4%
<b>U.S. INFLATION</b>						
<b>Consumer Price Index</b> (October 2012) <sup>5</sup>	0.0%	1.0%	2.5%	2.3%	2.1%	2.5%

<sup>1</sup> Changed May 1, 2009. 5-year and 10-year blended with 90-day Treasury Bill. <sup>2</sup> CDIF interest accrues on a daily 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> Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). <sup>5</sup> Most recent data available. CPI data are not seasonally adjusted.