



Brethren
Foundation
is pleased to
announce the
release of its 2013
Information
Statement.



Investment Perspective

FROM BRETHERN FOUNDATION

JULY 2013

MARKETS AND THE ECONOMY

The S&P 500 Index declined 1.3 percent in June but was up 13.8 percent for the first half of 2013. U.S. factory output declined in May — the first decline since November and the lowest figure since the recession ended in June 2009. The unemployment rate ticked up to 7.6 percent in May from 7.5 percent as more Americans jumped into the job market. Sales of new homes rose 2.1 percent in May, their highest level since July 2008, while existing home prices were 12.1 percent higher in April than a year earlier and 2.5 percent higher than they were in March. First-quarter GDP estimates were revised downward from 2.4 percent to 1.8 percent, largely from weaker-than-expected consumer spending and slower business investment. Federal Reserve Chairman Ben Bernanke announced plans to moderate the central bank's stimulative policies if the U.S. economy performs in line with projections; this statement roiled the equity and bond markets. The bond market, as measured by the Barclays Capital Government/Credit Index, decreased 1.8 percent in June and is down 2.7 percent for the year.

The manufacturing sector in the eurozone shrank in May for the 22nd consecutive month, while manufacturing in the U.K. posted its second consecutive month of expansion. The European Central Bank took no new steps to stimulate that region's economy. After being negative for the past six months, Japan's core consumer price index was flat in May compared with a year earlier. Industrial production in Japan increased 2 percent in May over April. The Bank of Japan ruled out the need for additional monetary stimulus for now. Meanwhile, China's industrial output was up 9.2 percent year-over-year in May, down from April's growth rate of 9.3 percent. These rates are slower than those consistently recorded during 2010 and 2011. International equities, as measured by the MSCI EAFE, decreased 3.5 percent during June but are up 4.5 percent for the year.

BFI RELEASES ITS 2013 INFORMATION STATEMENT

Brethren Foundation is pleased to announce the release of its 2013 *Information Statement*.

This disclosure resource provides important information about BFI and its processes, fees, investment options, and performance. BFI's audited financial statements for the 2012 calendar year are also included in the document.

The 2013 *Information Statement* should be reviewed carefully. This year's edition has been updated to be consistent with changes made to BFI's *Investment Guidelines*, introduces BFI's three new strategic investment options (which will be launched soon), and includes an expanded definitions section as well as copies of revised forms.

A printed copy of the 2013 *Information Statement* is being sent with this issue of *Investment Perspective* to the primary contact for all organizational clients who have not registered to use BFI's online services. All organizational client representatives who have access to BFI's client portal also have access to an electronic copy of the 2013 *Information Statement* and will not be provided a printed copy, unless they specifically request it.



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

Fund Performance Report

for the period ending June 30, 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%	0.6%	0.2%	0.9%	1.5%	2.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.1%	0.1%	0.2%	0.4%	1.7%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.2%	0.5%	1.1%	2.3%	2.6%	2.7%
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A	N/A
FIXED INCOME						
Bond Core Fund	(2.0)%	(1.7)%	(2.7)%	4.5%	6.2%	5.0%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(1.8)%	(2.5)%	(2.7)%	3.9%	5.3%	4.4%
Bond Fund	(2.3)%	(2.1)%	(2.9)%	4.5%	6.3%	5.0%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(1.8)%	(2.5)%	(2.7)%	3.9%	5.3%	4.4%
Treasury Inflation-Protected Securities Fund ³	(4.1)%	(7.4)%	(8.4)%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	(3.6)%	(7.1)%	(7.4)%	N/A	N/A	N/A
High Yield Bond Fund ³	(2.8)%	(1.5)%	1.7%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	(2.6)%	(1.4)%	1.4%	N/A	N/A	N/A
DOMESTIC EQUITY						
Domestic Stock Core Fund	(1.6)%	3.1%	11.9%	14.2%	4.2%	6.9%
<i>S&P 500 Index</i>	(1.3)%	2.9%	13.8%	18.5%	7.0%	7.3%
Domestic Stock Value Fund	(1.3)%	3.7%	15.7%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	(0.9)%	3.2%	15.9%	N/A	N/A	N/A
Domestic Stock Growth Fund	(0.1)%	1.7%	12.2%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	(1.9)%	2.1%	11.8%	N/A	N/A	N/A
Domestic Stock Fund	(1.0)%	2.8%	13.2%	18.5%	7.2%	8.8%
<i>S&P 500 Index</i>	(1.3)%	2.9%	13.8%	18.5%	7.0%	7.3%
Small Cap Fund	0.9%	1.6%	11.6%	19.4%	12.7%	N/A
<i>Russell 2000 Index</i>	(0.5)%	3.1%	15.9%	18.7%	8.8%	N/A
INTERNATIONAL EQUITY						
International Stock Core Fund	(4.2)%	(1.3)%	4.8%	10.1%	0.2%	7.7%
<i>MSCI EAFE Index</i>	(3.5)%	(0.7)%	4.5%	10.6%	(0.2)%	8.2%
Emerging Markets Stock Fund ³	(10.5)%	(11.1)%	(10.7)%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	(6.3)%	(8.0)%	(9.4)%	N/A	N/A	N/A
ALTERNATIVES						
Commodities-Based Fund ³	(8.4)%	(16.1)%	(15.9)%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	(4.7)%	(9.5)%	(10.5)%	N/A	N/A	N/A
Public Real Estate Fund ³	(3.2)%	(3.9)%	1.2%	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	(2.5)%	(3.6)%	3.1%	N/A	N/A	N/A
EQUITY AND FIXED INCOME						
Balanced Fund	(1.5)%	0.8%	6.6%	13.1%	7.4%	7.7%
<i>Blended Balanced Index</i> ⁴	(1.5)%	0.7%	7.0%	12.7%	6.8%	6.4%
U.S. INFLATION						
Consumer Price Index (May 2013) ⁵	0.2%	0.4%	1.5%	2.3%	1.5%	2.4%

Performance Report

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 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.