



Investment Perspective

FROM BRETHREN FOUNDATION

MAY 2011

MARKETS AND THE ECONOMY

The S&P 500 Index gained 3 percent in April, closing up 9.1 percent for the year to date. This was the highest close for the S&P 500 Index since June 5, 2008. Although the index is 101.6 percent above its low point on March 9, 2009, the index is still 12.9 percent below its all-time high, which was posted on October 9, 2007.

Despite continued tensions in the Middle East and northern Africa, climbing oil prices, weaker global business and consumer confidence, a negative outlook on U.S. debt from Standard and Poor's, concern about the U.S. nearing its debt ceiling, and a weaker U.S. dollar due to tightened monetary policy by the European Central Bank, equity and fixed income markets posted gains in April. Concerns about inflation, the housing market, and unemployment also linger, but were shrugged off by the markets last month. Instead of responding to every negative headline in April, investors returned to stock market fundamentals, and corporate earnings and increasing consumer demand drove stock performance.

The global equity markets, as measured by the MSCI EAFE Index, gained 6.1 percent in April, raising the year-to-date performance to 9.7 percent. Bonds, as measured by the Barclays Capital Government Credit Index, gained 1.3 percent in April, increasing 2011 bond performance to 1.6 percent.

2011 DEPARTMENT OF DEFENSE LISTS RELEASED

Each year as part of its socially responsible investing initiatives, Brethren Foundation requests that Boston Common Asset Management, one of BFI's investment managers, compile two lists of companies that earn significant revenue from U.S. military operations. One list identifies the top 25 publicly traded defense contractors based on the size of contracts awarded by the Department of Defense in 2010, and the other list includes all publicly traded companies that generate more than 10 percent of their revenue from Department of Defense contracts. These lists 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 our investment managers in 2011, as directed by BFI's *Investment Guidelines*, as are firms that receive more than 10 percent of their revenue from abortion, alcoholic beverages, firearms and other weapons, gambling, pornography, or tobacco.

New to this year's top 25 list are the following — Harris Corporation, Navistar International Corporation, FedEx Corporation, and Fluor Corporation. Absent from this year's list are Finmeccanica SpA, Royal Dutch Shell PLC, Alliant Techsystems Inc., and BP PLC. BFI screens 62 additional companies from its investments because they receive more than 10 percent of their revenue from defense contracts. Copies of these lists are available upon request or at www.bbtfoundation.org.

Since BFI has decided that it will screen these companies out of its investments in 2011, BFI will not use the services of these companies — most notably FedEx — this year.

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

Top 25 Publicly Traded Defense Contractors in 2010

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



Fund Performance Report

for the period ending April 30, 2011



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
SHORT-TERM					
Short-Term Fund	0.1%	0.2%	0.4%	2.1%	3.1%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.1%	0.1%	0.1%	0.6%	2.0%
COMMUNITY DEVELOPMENT					
Community Development Investment Fund ²	0.2%	0.6%	0.8%	2.9%	3.0%
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A
FIXED INCOME					
Bond Core Fund	1.4%	1.8%	2.0%	6.9%	6.9%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.3%	1.5%	1.6%	5.5%	6.2%
Bond Fund	1.4%	1.9%	2.1%	7.1%	7.0%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.3%	1.5%	1.6%	5.5%	6.2%
Treasury Inflation-Protected Securities Fund ³	2.0%	3.7%	4.2%	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	2.5%	4.4%	4.6%	N/A	N/A
High Yield Bond Fund ³	1.2%	2.5%	5.0%	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	1.6%	3.2%	5.5%	N/A	N/A
DOMESTIC EQUITY					
Domestic Stock Core Fund	2.9%	6.5%	8.0%	1.2%	3.9%
<i>S&P 500 Index</i>	3.0%	6.5%	9.1%	1.7%	3.0%
Domestic Stock Value Fund	3.9%	11.8%	15.0%	N/A	N/A
<i>Russell 1000 Value Index</i>	2.7%	6.9%	9.3%	N/A	N/A
Domestic Stock Growth Fund	3.5%	9.0%	11.1%	N/A	N/A
<i>Russell 1000 Growth Index</i>	3.4%	6.9%	9.6%	N/A	N/A
Domestic Stock Fund	3.4%	9.1%	11.3%	4.4%	5.9%
<i>S&P 500 Index</i>	3.0%	6.5%	9.1%	1.7%	3.0%
Small Cap Fund	4.7%	13.3%	15.9%	13.6%	8.6%
<i>Russell 2000 Index</i>	2.6%	11.1%	10.8%	8.0%	3.9%
Public Real Estate Fund ³	5.8%	N/A	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	5.1%	N/A	N/A	N/A	N/A
INTERNATIONAL EQUITY					
International Stock Core Fund	5.6%	7.5%	8.9%	(0.7)%	1.9%
<i>MSCI EAFE Index</i>	6.1%	7.2%	9.7%	(2.4)%	2.0%
Emerging Markets Stock Fund ³	3.6%	5.9%	2.8%	N/A	N/A
<i>MSCI Emerging Markets Index</i>	3.1%	8.2%	5.3%	N/A	N/A
ALTERNATIVES					
Commodities-Based Fund ³	5.0%	7.8%	9.9%	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	3.5%	7.0%	8.1%	N/A	N/A
EQUITY AND FIXED INCOME					
Balanced Fund	2.7%	6.2%	7.7%	6.1%	6.8%
<i>Blended Balanced Index</i> ⁴	2.3%	4.5%	6.0%	2.7%	3.8%
U.S. INFLATION					
Consumer Price Index (March 2011) ⁵	1.0%	2.0%	2.0%	1.5%	2.3%

Performance Report

¹ Changed May 1, 2009. 3-year and 5-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.