



Investment Perspective

FROM BRETHERN FOUNDATION

FEBRUARY 2009

MARKETS AND THE ECONOMY

Just as we have weathered the cold and snow of the Midwest, so has the economy had to weather the volatility of the equity markets. Rallies have been short-lived, and the uncertainty that surrounds U.S. and world equity markets continues to keep pressure on prices. Interest rates here and abroad are at record lows as European rates have dropped to match our extremely low rates.

But the news is not all bad, and reviewing the facts is always important to help shed light on a situation. In January, greater strides were made in the bond markets as the spreads between corporate bonds and U.S. Treasury securities narrowed, adding gains to Brethren Foundation's portfolios. In other seemingly good news, the price of oil has dropped over \$100 per barrel, which adds dollars back into household budgets. The downside of this, however, is that consumers seem to be using this extra money to lower their debt levels and increase their savings, rather than purchasing goods and services which would help jump-start the economy.

Less purchasing by consumers is slowing the economy and causing businesses to cut jobs — and so the vicious cycle continues. In most periods of economic downturn, inflation is the concern — in other words, a dollar today is worth more than a dollar tomorrow. But this time, there is the expectation of deflation, or that if purchases are delayed the price will be lower. It takes time to restore consumer confidence and trust in the financial system, so it will also take time to return value to equity and debt markets.

OPENING QUICK COMMUNICATION CHANNELS

Last month, a notice was included in the statements sent to the primary contact for each Brethren Foundation client. This half sheet invited primary contacts to send us their current e-mail addresses.

When the financial situation with Lehman Brothers, AIG, and Merrill Lynch emerged last September, Brethren Foundation attempted to send a prompt communication to its clients' primary contacts. The urgency of the issue called for the use of e-mail. It was during our attempt to communicate with the primary contacts in this manner that we discovered a need to improve both our method of distributing messages and the accuracy of the e-mail addresses on file.

We have improved our distribution process so that we can send an e-mail blast to primary contacts if the situation warrants it. But the blast will only go to the e-mail addresses we have on file, and they are only as accurate as the information primary contacts share with us. E-mail addresses tend to change, and if Brethren Foundation is not notified of a changed address, attempts to communicate with primary contacts via e-mail will be unsuccessful. It has been our experience that clients' primary contacts change less frequently than other client contacts. Accordingly, it will be more effective to maintain the accuracy of the e-mail address list if we focus on our primary contacts. We urge the primary contacts to share e-mail communications with others as deemed appropriate.

For clarification purposes, client primary contacts receive monthly, quarterly, and annual statements. Other client contacts receive only monthly statements.

We will occasionally insert a reminder with the statements sent to primary contacts so that they can help us keep our e-mail address list as current as possible. If primary contacts have not already done so, please encourage them to forward their e-mail addresses to Steve Lipinski at slipinski_bbt@brethren.org.

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

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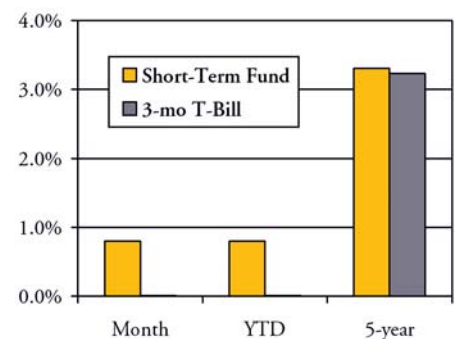
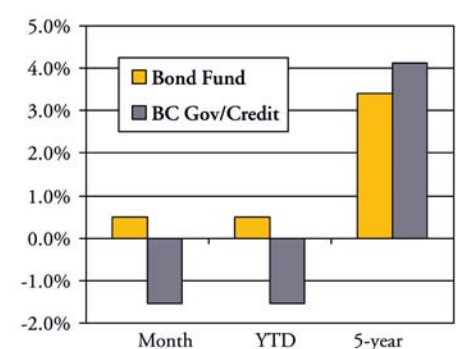
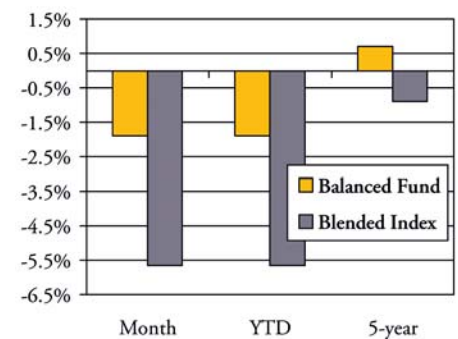
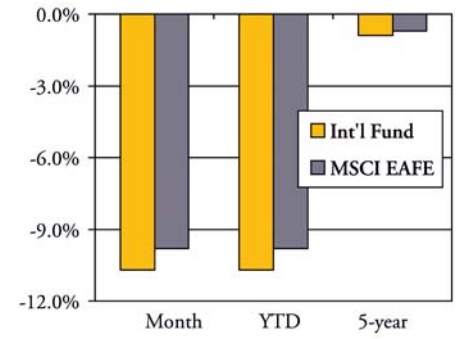
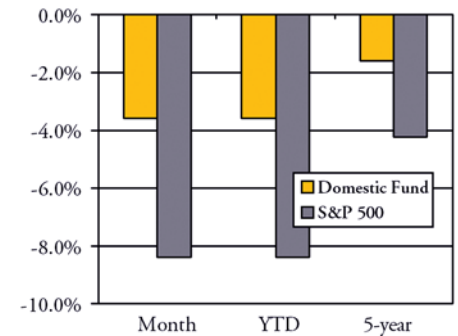
Monthly Fund Performance Report

for the period ending January 31, 2009

Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS (Net of Investment Fees)	BENCHMARKS (Gross)
Domestic Stock Fund: Rate of Return Current month (3.6%) Year to date (3.6%) Five years (1.6%)	S&P 500: Rate of Return Current month (8.4%) Year to date (8.4%) Five years (4.2%)
Domestic Stock Core Fund: Rate of Return Current month (5.8%) Year to date (5.8%) Five years (2.1%)	S&P 500: Rate of Return Current month (8.4%) Year to date (8.4%) Five years (4.2%)
Small Cap Fund: Rate of Return Current month (8.5%) Year to date (8.5%) Five years 0.3%	Russell 2000: Rate of Return Current month (11.1%) Year to date (11.1%) Five years (4.1%)
International Stock Core Fund: Rate of Return Current month (10.7%) Year to date (10.7%) Five years (0.9%)	MSCI EAFE: Rate of Return Current month (9.8%) Year to date (9.8%) Five years (0.7%)
Balanced Fund: Rate of Return Current month (1.9%) Year to date (1.9%) Five years 0.7%	Blended Balanced Index: Rate of Return Current month (5.7%) Year to date (5.7%) Five years (0.9%)
Bond Fund: Rate of Return Current month 0.5% Year to date 0.5% Five years 3.4%	Barclays Capital Gov/Credit: Rate of Return Current month (1.5%) Year to date (1.5%) Five years 4.1%
Bond Core Fund: Rate of Return Current month 0.5% Year to date 0.5% Five years 3.5%	Barclays Capital Gov/Credit: Rate of Return Current month (1.5%) Year to date (1.5%) Five years 4.1%
Short-Term Fund: Rate of Return Current month 0.8% Year to date 0.8% Five years 3.3%	3-Month T-Bill: Rate of Return Current month 0.0% Year to date 0.0% Five years 3.2%
Comm. Dev. Investment Fund: Rate of Return Current month 0.3%* Year to date 0.3%* Five years 3.0%	Consumer Price Index: (most recent data available) December 2008 (1.0%) Year to date (thru Dec. 2008) 1.4% Five years 2.7% <i>The CPI is an indicator of inflation.</i>



Five-year returns are annualized.

*Interest accrues on a quarterly basis.