



Investment Perspective

FROM BRETHERN FOUNDATION

MAY 2009

MARKETS AND THE ECONOMY

Results from the economic stimulus packages that were put in place months ago are having a positive impact on equity markets in the U.S. After two months of mostly higher closes for the S&P 500, April closed the month just slightly lower than year-to-date. This has brought more optimism and confidence to consumers, and it appears that their spending has started to increase. The outlook for the critical banking industry seems to be improving also.

The Federal Reserve's stress test of the nation's largest banks has been announced, and results seem comforting. It seems that most banks are adequately capitalized to withstand a worsening of the economy, and those that are still under-capitalized are not as bad as they first seemed. The fact that many of this nation's banks reported first quarter profits shocked many analysts and sent the banks' corresponding share prices higher. International equity markets closely followed the U.S. markets and showed strong gains for the month. Bonds improved in the early part of April, but as the better-than-expected economic activity hit the news, U.S. Treasuries gave back gains as yields began to rise.

The fundamentals are in place to sustain the positive momentum in our economy. Nothing goes in a straight line forever, and although the news has mostly been encouraging, there are still problems that can weigh down and dampen the enthusiasm and optimism that seem to prevail — such as auto company bankruptcy and much lower profits than a year ago for many companies. It is still nice to report good results after enduring the past year and a half!

2009 DEPARTMENT OF DEFENSE LISTS RELEASED

As part of its socially responsible investment program, each year Brethren Foundation requests that Boston Common Asset Management, one of BFI's investment managers, compile a list of the U.S. military's top 25 publicly traded defense contractors, based on the size of contracts awarded by the Department of Defense. These firms are then screened from BFI's investment portfolios by all of our investment managers, as directed by BFI's investment guidelines, as are firms that receive more than 10 percent of their revenue from alcohol, defense, gaming, tobacco, or pornography.

New to this year's list are the following companies — SAIC Inc., Humana Inc., Health Net Inc., and Hewlett-Packard Co. Absent from this year's list is Royal Dutch Shell, Electronic Data Systems Corp. (bought by Hewlett-Packard Co.), Amerisource Bergen Corp., and FedEx Corp.

BFI screens 76 additional companies from our investments because they receive more than 10 percent of their revenue from defense contracts. A copy of this list is available upon request or online at www.bbtfoundation.org.

Because BFI has decided to exclude Hewlett-Packard Co. from its investments, BFI will also curtail its use of Hewlett-Packard products. This will be challenging because BFI relies heavily on HP technology. BFI will only purchase HP products that are necessary to support the equipment presently in use at the BFI office.

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

Top 25 publicly traded Defense contractors

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



Patrice Nighingale

This year, Hewlett-Packard will be screened from BFI's portfolios.

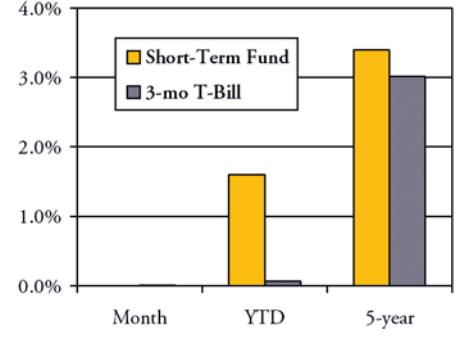
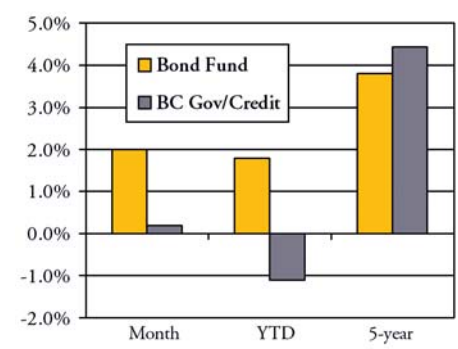
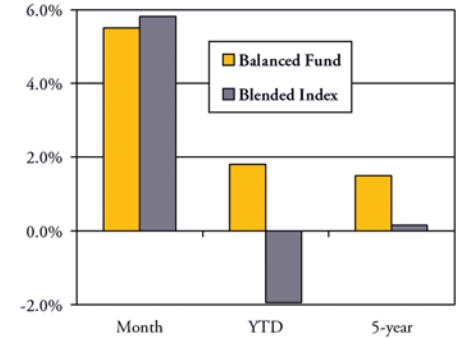
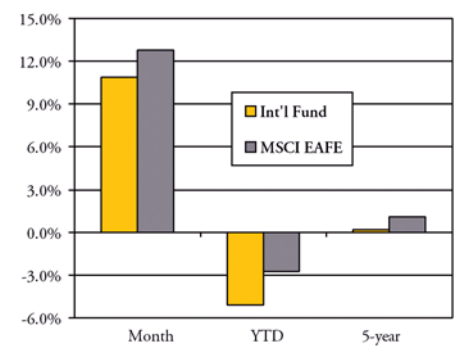
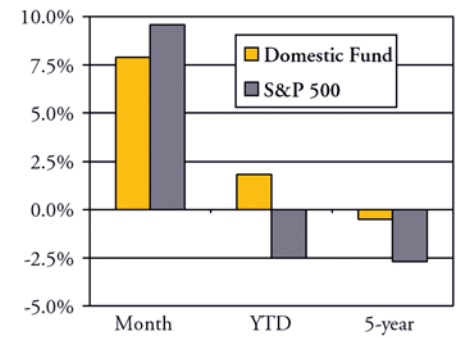
Monthly Fund Performance Report

for the period ending April 30, 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 7.9% Year to date 1.8% Five years (0.5)% | S&P 500: Rate of Return Current month 9.6% Year to date (2.5)% Five years (2.7)% |
| Domestic Stock Core Fund: Rate of Return Current month 8.1% Year to date (1.3)% Five years (0.9)% | S&P 500: Rate of Return Current month 9.6% Year to date (2.5)% Five years (2.7)% |
| Small Cap Fund: Rate of Return Current month 14.3% Year to date (0.6)% Five years 1.5% | Russell 2000: Rate of Return Current month 15.5% Year to date (1.8)% Five years (1.5)% |
| International Stock Core Fund: Rate of Return Current month 10.9% Year to date (5.1)% Five years 0.2% | MSCI EAFE: Rate of Return Current month 12.8% Year to date (2.7)% Five years 1.1% |
| Balanced Fund: Rate of Return Current month 5.5% Year to date 1.8% Five years 1.5% | Blended Balanced Index: Rate of Return Current month 5.8% Year to date (1.9)% Five years (0.1)% |
| Bond Fund: Rate of Return Current month 2.0% Year to date 1.8% Five years 3.8% | Barclays Capital Gov/Credit: Rate of Return Current month 0.2% Year to date (1.1)% Five years 4.4% |
| Bond Core Fund: Rate of Return Current month 1.8% Year to date 1.7% Five years 3.9% | Barclays Capital Gov/Credit: Rate of Return Current month 0.2% Year to date (1.1)% Five years 4.4% |
| Short-Term Fund: Rate of Return Current month 0.0% Year to date 1.6% Five years 3.4% | 3-Month T-Bill: Rate of Return Current month 0.0% Year to date 0.1% Five years 3.0% |
| Comm. Dev. Investment Fund: Rate of Return Current month 0.2%* Year to date 1.0%* Five years 3.0%* | Consumer Price Index: (most recent data available) March 2009 0.2% Year to date (thru March 2009) 1.2% Five years 2.6% <i>The CPI is an indicator of inflation.</i> |



Five-year returns are annualized.

*Interest accrues on a quarterly basis.