



Brethren Foundation Board decided to expand its investment offerings to include fixed income options that can invest in U.S. Treasuries for those that desire this opportunity.



Investment Perspective

FROM BRETHERN FOUNDATION

JULY 2009

MARKETS AND THE ECONOMY

The general trend in June was flat to slightly downward for the S&P 500 equity index. Our investment managers fared better as they combined for positive monthly returns. As companies report earnings, the stock market is looking for direction as to whether the economy is taking a turn for the better.

Unemployment continues to rise, as expected. The bond markets show modest gains as bond holders show a returning appetite for some risk. The narrowing gap between U.S. Treasuries and corporate bonds and asset backed securities is allowing our bond funds to outperform their index again this month.

Recent market performance prompts a few questions. Why did our bond portfolios underperform their benchmarks last year and now that the credit market has shown positive returns since late last year, will they continue to outperform? There are two investment terms that are used to describe how a portfolio moves differently than a benchmark or index. They are Greek letters *alpha* and *beta*. *Alpha* describes how a particular security selection by the manager impacts the portfolio. *Beta* describes how sector weighting accounts for performance returns that vary from the benchmark. For example, last year U.S. Treasuries benefited from a flight to safety and quality as the credit crunch became more pronounced, and uncertainty and panic hit the bond market. As more and more bond holders sold lower quality issues and bought only U.S. Treasuries, the difference between U.S. Treasuries and every other type of bond widened. Currently, the opposite is true. Investors are taking more risk, resulting in a higher rate of return than U.S. Treasuries, and this appetite for risk benefits all other bond categories and our bond funds.

BFI NOW OFFERS U.S. TREASURIES OPTIONS

At its meeting on June 30, 2009, Brethren Foundation Board decided to expand its investment offerings to include fixed income options that can invest in U.S. Treasuries for those that desire this opportunity. BFI will continue to offer Treasury-free options for those that prefer to continue the investment practice that has been in place since the inception of Brethren Foundation in 1990.

The BFI Board concluded that different understandings of fiduciary responsibility called for the expansion of the fixed income investment options so that each client can determine the best course of action for its assets under BFI's management regarding U.S. Treasuries. BFI will continue to offer a Treasury-free bond fund and a Treasury-free short-term fund. Soon, BFI will also offer both a bond fund and a short-term fund that can include U.S. Treasuries. Even though these new funds will be able to include U.S. Treasuries, that investment choice will be at the discretion of the funds' managers.

All clients will have the opportunity to determine whether their assets invested in BFI fixed income funds can have exposure to U.S. Treasuries.

BFI will need a bit of time to make the proper arrangements with its investment managers to accommodate these new investment options. As soon as the new options are available, BFI staff will contact each client that has assets invested in fixed income funds to ensure that the assets are invested in accordance with the client's preference regarding U.S. Treasuries.

Anyone interested in discussing these new investment opportunities should contact Steve Mason at 847-622-3369 or smason_bbt@brethren.org.

Questions, comments, and suggestions may be sent to Steve Mason, director.

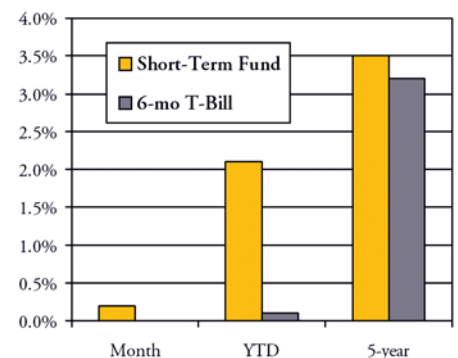
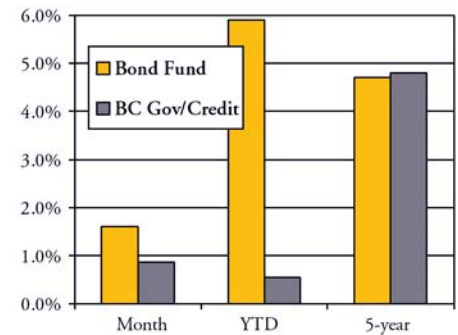
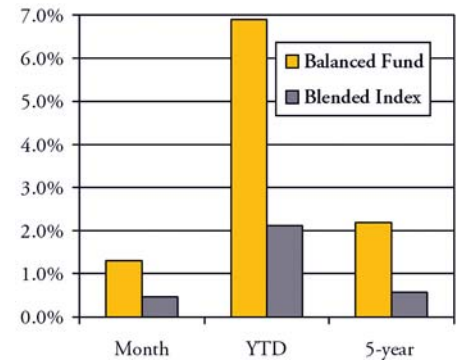
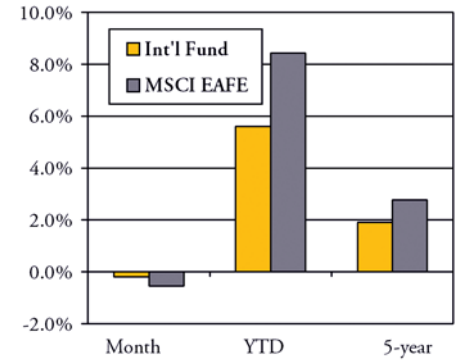
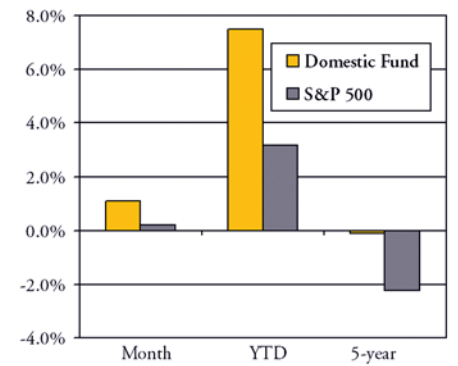
Monthly Fund Performance Report

for the period ending June 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 1.1% Year to date 7.5% Five years (0.1)%	S&P 500: Rate of Return Current month 0.2% Year to date 3.2% Five years (2.2)%
Domestic Stock Core Fund: Rate of Return Current month (0.3)% Year to date 3.8% Five years (0.5)%	S&P 500: Rate of Return Current month 0.2% Year to date 3.2% Five years (2.2)%
Small Cap Fund: Rate of Return Current month 2.7% Year to date 3.8% Five years 0.9%	Russell 2000: Rate of Return Current month 1.5% Year to date 2.6% Five years (1.7)%
International Stock Core Fund: Rate of Return Current month (0.2)% Year to date 5.6% Five years 1.9%	MSCI EAFE: Rate of Return Current month (0.5)% Year to date 8.4% Five years 2.8%
Balanced Fund: Rate of Return Current month 1.3% Year to date 6.9% Five years 2.2%	Blended Balanced Index: Rate of Return Current month 0.5% Year to date 2.2% Five years 0.6%
Bond Fund: Rate of Return Current month 1.6% Year to date 5.9% Five years 4.7%	Barclays Capital Gov/Credit: Rate of Return Current month 0.9% Year to date 0.6% Five years 4.8%
Bond Core Fund: Rate of Return Current month 1.6% Year to date 5.6% Five years 4.7%	Barclays Capital Gov/Credit: Rate of Return Current month 0.9% Year to date 0.6% Five years 4.8%
Short-Term Fund: Rate of Return Current month 0.2% Year to date 2.1% Five years 3.5%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.0% Year to date 0.1% Five years 3.0% * Changed 5/1/09. YTD and 5 yr blended w/90-day T-Bill.
Comm. Dev. Investment Fund: Rate of Return Current month 0.0%* Year to date 1.3%* Five years 2.9%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) May 2009 0.3% Year to date (thru May 2009) 1.6% Five years 2.5% The CPI is an indicator of inflation.



Five-year returns are annualized.