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Investment Perspective

FROM BRETHREN FOUNDATION

OCTOBER 2009

MARKETS AND THE ECONOMY

The market psychology changed in September. News that was “not as bad” as expected earlier in the year became news that was “not as good” as what was more recently hoped for. Both domestic and foreign equity markets saw prices trending to the upside for the month; however, momentum seemed to slow as the month closed. Although new highs were being reached, the increases from previous highs grew progressively smaller as the month progressed. The BFI Domestic Stock Fund gained 5 percent for the month, outpacing the benchmark of 3.7 percent for the S&P 500.

The bond markets again showed modest gains for the month, as aversion to risk continued to wane. Investors continued to bid up the value of most asset-backed securities, which narrowed the spread between corporate-issued debt securities and U.S. Treasury obligations. The BFI Bond Fund gained 1 percent for the month, compared to the benchmark of 1.1 percent for the Barclays Capital Gov/Credit Index.

MEET THE FOUNDATION STAFF

Brethren Foundation serves nearly 400 members and manages nearly \$117 million in assets. It takes many people, some working behind the scenes, to meet the needs of the ministry as it serves its members. The executive and administrative functions of Brethren Foundation are fulfilled by the following four people —

Nevin Dulabaum serves as president of Church of the Brethren Benefit Trust and Brethren Foundation. Nevin received a Bachelor of Science from Manchester College. Previously, Nevin worked as both director of Communications and Information Services and manager of marketing and promotions for BBT. Prior to that, Nevin was the director of news services for Church of the Brethren Inc. and managing editor of *Messenger* magazine. You may contact him at ndulabaum_bbt@brethren.org.

Jerry Rodeffer, chief financial officer for Church of the Brethren Benefit Trust and Brethren Foundation, holds a Bachelor of Science from Purdue and an M.B.A. from the University of Washington. Jerry returns to this position at BBT after serving as its treasurer and CFO from 1990 to 1994. Jerry has also worked as a personal banker/loan officer for Washington Mutual and as an asset manager/consultant for Northern Trust Bank. You may contact him at jrodeffer_bbt@brethren.org.

Steve Mason serves as director of Brethren Foundation. In addition to receiving his Bachelor of Arts from Bridgewater College and M.Ed. from James Madison University, Steve also holds a Ph.D. from Loyola University Chicago. Steve has been the executive director of the Community Foundation of Wabash County, vice president for college advancement at Manchester College, and executive director of the Association of Brethren Caregivers. You may contact him at smason_bbt@brethren.org.

Steve Lipinski, manager of Brethren Foundation operations, received an A.A.S. from Elgin Community College and a Bachelor of Science and M.B.A. from the University of Illinois. Prior to serving BBT, Steve was an instructor at ECC and continues to teach there part time. He has also been the owner of an insurance and investment products business. You may contact him at slipinski_bbt@brethren.org.

Brethren Foundation is also served by members of the Church of the Brethren Benefit Trust Finance department, Communications department, Information Technology office, and client relations and office operations staff.

Please contact Steve Mason if you have questions or comments about this newsletter.

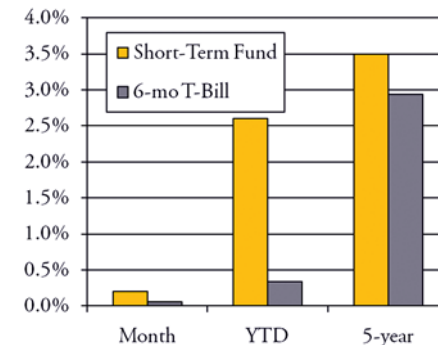
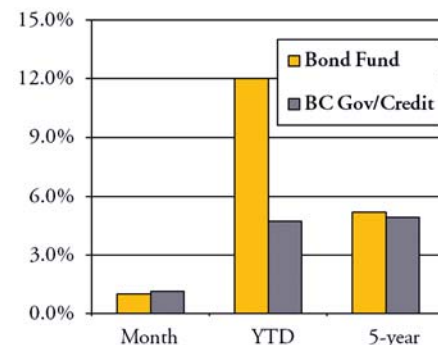
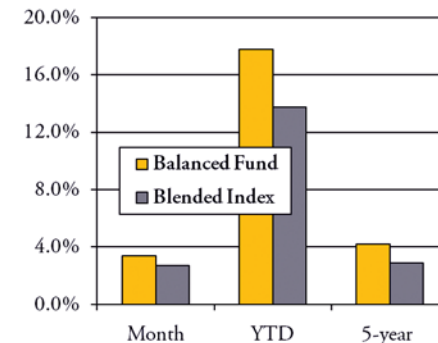
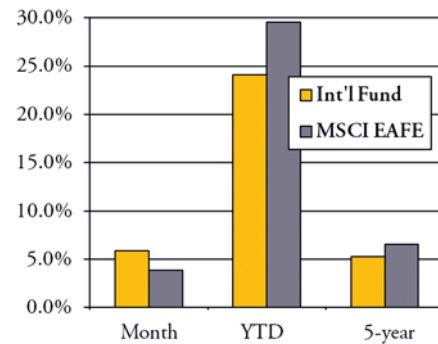
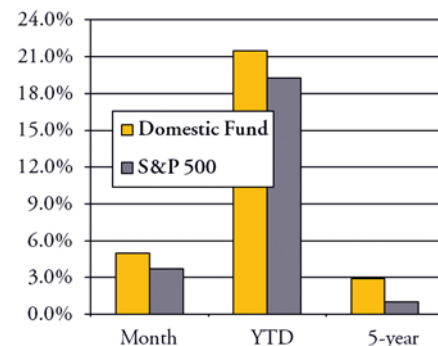
Monthly Fund Performance Report

for the period ending September 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 5.0% Year to date 21.5% Five years 2.9%	S&P 500: Rate of Return Current month 3.7% Year to date 19.3% Five years 1.0%
Domestic Stock Core Fund: Rate of Return Current month 4.4% Year to date 17.5% Five years 2.4%	S&P 500: Rate of Return Current month 3.7% Year to date 19.3% Five years 1.0%
Small Cap Fund: Rate of Return Current month 7.5% Year to date 26.4% Five years 5.0%	Russell 2000: Rate of Return Current month 5.8% Year to date 22.4% Five years 2.4%
International Stock Core Fund: Rate of Return Current month 5.9% Year to date 24.1% Five years 5.3%	MSCI EAFE: Rate of Return Current month 3.9% Year to date 29.6% Five years 6.6%
Balanced Fund: Rate of Return Current month 3.4% Year to date 17.8% Five years 4.2%	Blended Balanced Index: Rate of Return Current month 2.7% Year to date 13.7% Five years 2.9%
Bond Fund: Rate of Return Current month 1.0% Year to date 12.0% Five years 5.2%	Barclays Capital Gov/Credit: Rate of Return Current month 1.1% Year to date 4.7% Five years 4.9%
Bond Core Fund: Rate of Return Current month 1.0% Year to date 11.8% Five years 5.2%	Barclays Capital Gov/Credit: Rate of Return Current month 1.1% Year to date 4.7% Five years 4.9%
Short-Term Fund: Rate of Return Current month 0.2% Year to date 2.6% Five years 3.5%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.1% Year to date 0.3% Five years 2.9% * Changed 5/1/09. YTD and 5 yr blended w/90-day T-Bill.
Comm. Dev. Investment Fund: Rate of Return Current month 0.2%* Year to date 2.3%* Five years 3.0%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) August 2009 0.4% Year to date (thru August 2009) 2.7% Five years 2.7% The CPI is an indicator of inflation.



Five-year returns are annualized.