



Investment Perspective

FROM BRETHERN FOUNDATION

APRIL 2010

MARKETS AND THE ECONOMY

Economic data continues to show improvement in the U.S. economy. As discussed in previous editions of *Investment Perspective*, the primary drivers of our economy are consumer spending and the housing market. Recent reports show consumer spending increasing. This important piece has been missing in the prior months since the recession ended. Should consumer spending continue to grow in the coming months, we can feel more confident in the overall positive direction of the economy and particularly our domestic equity market. In March, BFI Domestic Stock, Domestic Core Stock, and Small-Cap Stock funds showed robust returns; these returns account for nearly all of the quarter's gains. International equities moved higher during the month and quarter, in tandem with U.S. markets.

Bond values showed the negative effects of an oversupply of government bond issuances and the improving economy. Oil price increases from the expectation of increased demand and the implied inflation due to this increase raised bond rates. Because values for debt instruments like bonds move inversely to their rates, bond values declined during the month.

HOW GOOD IS A CD?

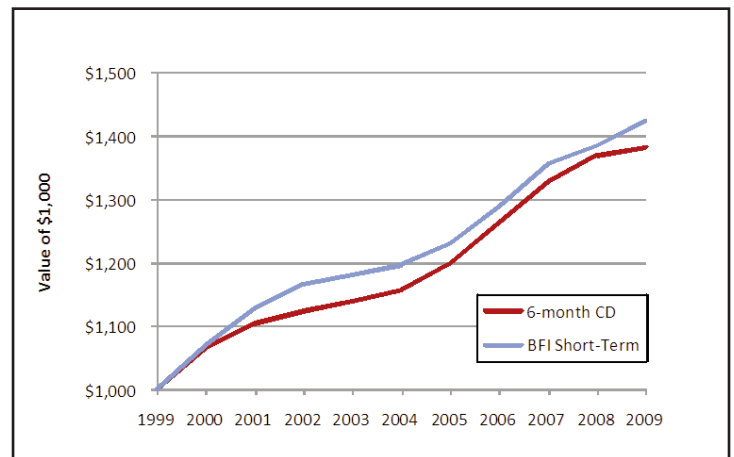
Many congregations view certificates of deposit, or CDs, as a safe, reliable way to invest their funds. But what does a congregation gain — or give up — by using CDs rather than an investment like Brethren Foundation's Short-Term Fund?

Liquidity lost. CDs always require a commitment to a specific term. Early withdrawal will produce an interest penalty. Conversely, BFI never requires such a commitment; your funds are always available with no penalty or fee on withdrawal.

Returns. Based on an average of dealer bid rates on nationally traded CDs and Federal Reserve reports, rates on 6-month CDs for the last 10 years returned 3 percent less for the decade than did BFI's Short-Term Fund.

Social Responsibility. With a CD, there is no way to guarantee that your money is not invested in companies that contradict the beliefs of your congregation. BFI funds are always managed in accordance with Church of the Brethren values.

Giving up liquidity and socially responsible investing for a lower return may not achieve your congregation's goals.



What does a congregation gain — or give up — by using CDs rather than an investment like Brethren Foundation's Short-Term Fund?



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

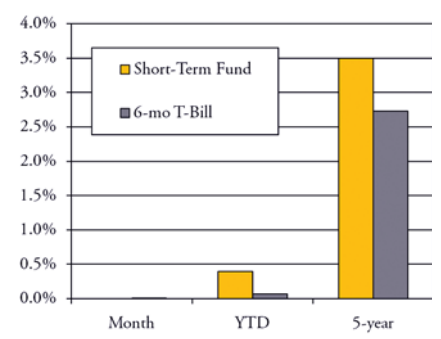
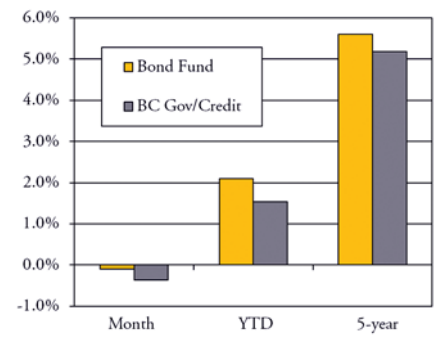
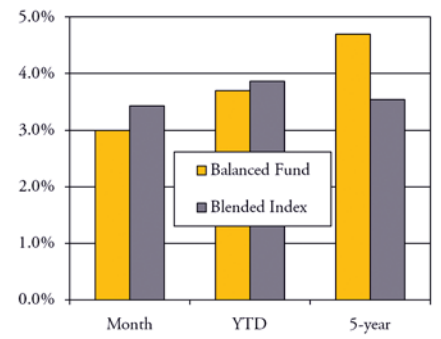
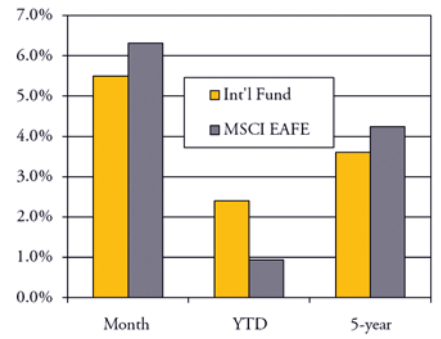
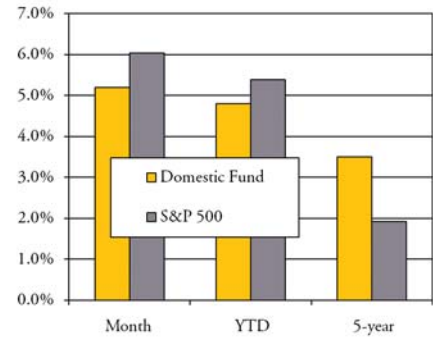
Monthly Fund Performance Report

for the period ending March 31, 2010

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 5.2% Year to date 4.8% Five years 3.5%	S&P 500: Rate of Return Current month 6.0% Year to date 5.4% Five years 1.9%
Domestic Stock Core Fund: Rate of Return Current month 5.4% Year to date 5.5% Five years 3.5%	S&P 500: Rate of Return Current month 6.0% Year to date 5.4% Five years 1.9%
Small Cap Fund: Rate of Return Current month 6.9% Year to date 6.5% Five years 6.5%	Russell 2000: Rate of Return Current month 8.1% Year to date 8.9% Five years 3.4%
International Stock Core Fund: Rate of Return Current month 5.5% Year to date 2.4% Five years 3.6%	MSCI EAFE: Rate of Return Current month 6.3% Year to date 0.9% Five years 4.2%
Balanced Fund: Rate of Return Current month 3.0% Year to date 3.7% Five years 4.7%	Blended Balanced Index: Rate of Return Current month 3.4% Year to date 3.9% Five years 3.5%
Bond Fund: Rate of Return Current month (0.1)% Year to date 2.1% Five years 5.6%	Barclays Capital Gov/Credit: Rate of Return Current month (0.4)% Year to date 1.5% Five years 5.2%
Bond Core Fund: Rate of Return Current month (0.1)% Year to date 2.2% Five years 5.6%	Barclays Capital Gov/Credit: Rate of Return Current month (0.4)% Year to date 1.5% Five years 5.2%
Short-Term Fund: Rate of Return Current month 0.0% Year to date 0.4% Five years 3.5%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.0% Year to date 0.1% Five years 2.7% * Changed 5/1/09. YTD and 5 yr blended w/90-day T-Bill.
Comm. Dev. Investment Fund: Rate of Return Current month (0.4)%* Year to date 0.2%* Five years 2.9%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) February 2010 0.0% Year to date (thru Feb. 2010) 0.3% Five years 2.5% The CPI is an indicator of inflation.



Five-year returns are annualized.