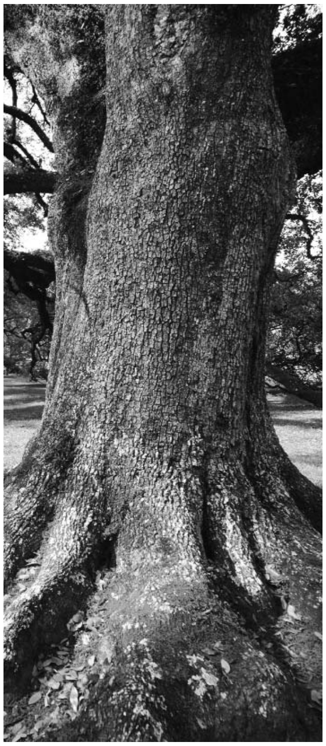

Investment Perspective

FROM BRETHREN FOUNDATION NOVEMBER 2010

Markets and the Economy

The U.S. economy continues to recover slowly. Although unemployment remains high, other macroeconomic indicators were positive in October: The third quarter gross domestic product met expectations, consumer confidence moved a bit higher, and a weaker dollar improved the prospects of exports to other countries. The markets continued to respond favorably to the anticipation of significant change in the November elections and additional quantitative easing by the Federal Reserve.

Performance in all sectors of both the domestic and international equity markets was positive in October. The S&P 500 index gained 3.8 percent in October, bringing the year-to-date performance to 7.8 percent. The MSCI EAFE index reflected a positive performance of 3.6 percent in October, bringing the year-to-date performance to 5.1 percent. By completing October unchanged, the Barclays Capital U.S. Government Credit Bond index kept its year-to-date gain of 9.0 percent.

Rebalancing: Discipline vs. Opportunism

Rebalancing is the exercise of reallocating assets from one type of investment to another to put a portfolio back in line with its set strategy. Everyone charged with the responsibility of managing the investment of assets for themselves or others should consider the importance of rebalancing those assets periodically.

Portfolio rebalancing is an important discipline for everyone responsible for invested assets.

Assets are initially allocated based on an investment strategy that takes into consideration such factors as risk tolerance and the time horizon for use of the assets. A conservative investment strategy will seek to protect principal but provide limited opportunities for income generation or asset appreciation, while an aggressive strategy will seek higher yields but risk low returns or even losses over the short term. Typically, an investment portfolio will include a mixture of conservative and aggressive investment options.

As the markets ebb and flow over time, some investment options will perform better than others, causing the investment portfolio to drift from its original proportions. At such times, it can be tempting to let the portfolio remain "unbalanced," especially when the overall portfolio is performing well. Rebalancing ensures that a portfolio does not become riskier than is comfortable for the investor and that the positive gains of a good performance are locked in.

Rebalancing can be made according to a schedule or when the portfolio reaches a specified level of imbalance. Rebalancing on a schedule automates the process and ensures that the portfolio is in line with a strategy or policy on a regular basis. Experts do not agree on the proper frequency for calendar-driven rebalancing, except to say that monthly is too frequent. Rebalancing only when the portfolio achieves a certain level of imbalance generally requires less frequent asset reallocation. However, it requires more active attention to the portfolio by the investor and exposes the portfolio to more risk.

Portfolio rebalancing is an important discipline for everyone responsible for invested assets. Acceptable parameters should be established for the management of each portfolio and should include instructions on the rebalancing of the assets.

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

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Fund Performance Report

for the period ending Oct. 31, 2010

All periods longer than one year are annualized.

Funds (Net of Investment Fees) *Benchmarks* *(Gross)*	Current Month	Three Months	Year-to-Date	Three Years	Five Years
SHORT-TERM					
Short-Term Fund	0.1%	0.4%	1.3%	2.4%	3.3%
Merrill Lynch 6-Month Treasury Bill Index [1]	*0.0%*	*0.1%*	*0.3%*	*0.9%*	*2.4%*
COMMUNITY DEVELOPMENT					
Community Development Investment Fund [2]	0.5%	1.4%	3.5%	3.3%	3.2%
No Benchmark	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
FIXED INCOME					
Bond Core Fund	(0.1)%	2.0%	10.3%	8.3%	7.0%
Barclays Capital U.S. Government/Credit Bond Index	*0.0%*	*2.1%*	*9.0%*	*7.1%*	*6.3%*
Bond Fund	(0.1)%	2.1%	10.6%	8.4%	7.1%
Barclays Capital U.S. Government/Credit Bond Index	*0.0%*	*2.1%*	*9.0%*	*7.1%*	*6.3%*
Treasury Inflation-Protected Securities Fund [3]	1.9%	N/A	N/A	N/A	N/A
Barclays Capital U.S. TIPS Index	*2.7%*	*N/A*	*N/A*	*N/A*	*N/A*
High Yield Bond Fund [3]	2.0%	3.2%	N/A	N/A	N/A
Barclays Capital U.S. Corporate High Yield Bond Index	*2.6%*	*5.7%*	*N/A*	*N/A*	*N/A*
DOMESTIC EQUITY					
Domestic Stock Core Fund	3.5%	5.5%	6.1%	(5.8)%	2.9%
S&P 500 Index	*3.8%*	*8.0%*	*7.8%*	*(6.5)%*	*1.7%*
Domestic Stock Value Fund	5.2%	N/A	N/A	N/A	N/A
Russell 1000 Value Index	*3.0%*	*N/A*	*N/A*	*N/A*	*N/A*
Domestic Stock Growth Fund	3.3%	9.7%	N/A	N/A	N/A
Russell 1000 Growth Index	*4.8%*	*10.5%*	*N/A*	*N/A*	*N/A*
Domestic Stock Fund	4.0%	8.6%	8.8%	(3.5)%	3.9%
S&P 500 Index	*3.8%*	*8.0%*	*7.8%*	*(6.5)%*	*1.7%*
Small Cap Fund	4.9%	7.0%	14.4%	1.0%	6.3%
Russell 2000 Index	*4.1%*	*8.4%*	*13.6%*	*(3.9)%*	*3.1%*
Public Real Estate Fund [3,4]	3.8%	N/A	N/A	N/A	N/A
FTSE EPRA/NAREIT Global Real Estate Index	*4.2%*	*N/A*	*N/A*	*N/A*	*N/A*
INTERNATIONAL EQUITY					
International Stock Core Fund	4.3%	8.9%	6.4%	(7.7)%	3.7%
MSCI EAFE Index	*3.6%*	*10.3%*	*5.1%*	*(9.2)%*	*3.8%*
Emerging Markets Stock Fund [3]	3.9%	10.8%	N/A	N/A	N/A
MSCI Emerging Markets Index	*2.9%*	*12.2%*	*N/A*	*N/A*	*N/A*
ALTERNATIVES					
Commodities-Based Fund [3]	5.5%	12.3%	N/A	N/A	N/A
Dow Jones UBS Commodity Index	*5.0%*	*9.7%*	*N/A*	*N/A*	*N/A*
EQUITY AND FIXED INCOME					
Balanced Fund	2.4%	6.1%	9.9%	1.7%	5.5%
Blended Balanced Index [5]	*2.3%*	*5.8%*	*8.8%*	*(0.7)%*	*3.9%*
U.S. INFLATION					
Consumer Price Index (September 2010) [6]	0.1%	0.2%	1.1%	1.5%	1.9%

[1] Changed May 1, 2009. 3-year and 5-year blended with 90-day Treasury Bill. [2] CDIF interest accrues on a quarterly basis. [3] These investment funds may not meet socially responsible investing guidelines because they are invested in mutual funds. All other investment funds must meet socially responsible investing guidelines. [4] Net of mutual fund expenses only; no assets under BFI management are currently invested in this fund. [5] Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). [6] Most recent data available.

Performance Report