



Investment Perspective

FROM BRETHERN FOUNDATION

APRIL 2011

MARKETS AND THE ECONOMY

The S&P 500 Index posted its best first quarter since 1998 by climbing 5.9 percent during the first three months of 2011, despite a virtually flat 0.04 percent gain in March.

Domestically, economic concerns were overpowered by signs of continued economic recovery. The global economy suffered toward the end of the quarter under the burden of substantial negative influences. Concerns related to geopolitical events such as the turmoil in Libya, Bahrain, Syria, and Yemen; the devastation and danger related to the worst earthquake in Japanese history; a new European debt crisis; fears of inflation when quantitative easing ends in June; sustained weakness in the housing market; and rising oil prices continue to drag on the recovery. Nevertheless, positive corporate earnings, improving employment numbers, a 4.1 percent increase in consumer spending during the first quarter (the fastest expansion in four years), and an increase in investor confidence continue to drive modest but steady domestic economic growth. Both volatility and resilience were evident in the equity markets during the first quarter. Bonds retreated from the lofty performance numbers of the previous two years to more typical, yet positive, performance during this time span.

The global equity markets, as measured by the MSCI EAFE Index, gained 3.5 percent in the first quarter despite losing 2.2 percent in March. Bonds, as measured by the Barclays Capital Government Credit Index, declined a slight 0.03 percent in March but gained 0.3 percent. The S&P 500, MSCI EAFE, and Barclays Capital Government Credit indexes were all positive for the one- and five-year periods ending on March 31.

SEARCH UNDERWAY FOR BBT LEADERSHIP POSITIONS

Church of the Brethren Benefit Trust is seeking candidates for two senior-level positions: chief operating and compliance officer and chief financial officer. Both positions report to the president, serve on the Management Team, and are located in Elgin, Ill.

The chief operating and compliance officer will supervise BBT's daily operations, including the Pension, Insurance, and Foundation ministries, as well as the Communications department and Information Technology department. This person will also ensure that BBT and all of its programs are in compliance with applicable laws and with industry-standard good business practices and have a detailed business continuity plan.

The chief financial officer has primary day-to-day responsibilities that include planning, implementing, managing, and controlling all of BBT's finance-related activities. Duties include protecting assets of the organization and those under management of the organization, serving as primary contact with all financial service providers, directing the budget-building and management process, coordinating the annual audit, serving as director of investments, and supervising the staff of the Finance department. The chief financial officer is the treasurer and an officer of the corporation.

For more information, to express interest in either position, or to provide information useful to the searches, please contact Cindy Chandler of Chandler Group Executive Search via email at cchandler@chandgroup.com. Additional information about Chandler Group Executive Search is available at www.chandgroup.com.

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 March 31, 2011



All periods longer than one year are annualized.

Performance Report

| 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% | 0.3% | 0.3% | 2.1% | 3.1% |
| <i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹ | 0.0% | 0.1% | 0.1% | 0.6% | 2.0% |
| COMMUNITY DEVELOPMENT | | | | | |
| Community Development Investment Fund ² | 0.2% | 0.7% | 0.7% | 3.0% | 2.9% |
| <i>No Benchmark</i> | N/A | N/A | N/A | N/A | N/A |
| FIXED INCOME | | | | | |
| Bond Core Fund | 0.0% | 0.6% | 0.6% | 6.4% | 6.6% |
| <i>Barclays Capital U.S. Government/Credit Bond Index</i> | 0.0% | 0.3% | 0.3% | 4.8% | 5.8% |
| Bond Fund | 0.0% | 0.7% | 0.7% | 6.5% | 6.7% |
| <i>Barclays Capital U.S. Government/Credit Bond Index</i> | 0.0% | 0.3% | 0.3% | 4.8% | 5.8% |
| Treasury Inflation-Protected Securities Fund ³ | 0.8% | 2.1% | 2.1% | N/A | N/A |
| <i>Barclays Capital U.S. TIPS Index</i> | 1.0% | 2.1% | 2.1% | N/A | N/A |
| High Yield Bond Fund ³ | 0.2% | 3.9% | 3.9% | N/A | N/A |
| <i>Barclays Capital U.S. Corporate High Yield Bond Index</i> | 0.3% | 3.9% | 3.9% | N/A | N/A |
| DOMESTIC EQUITY | | | | | |
| Domestic Stock Core Fund | 0.3% | 5.0% | 5.0% | 1.7% | 3.6% |
| <i>S&P 500 Index</i> | 0.0% | 5.9% | 5.9% | 2.4% | 2.6% |
| Domestic Stock Value Fund | 4.4% | 10.6% | 10.6% | N/A | N/A |
| <i>Russell 1000 Value Index</i> | 0.4% | 6.5% | 6.5% | N/A | N/A |
| Domestic Stock Growth Fund | 2.2% | 7.3% | 7.3% | N/A | N/A |
| <i>Russell 1000 Growth Index</i> | 0.1% | 6.0% | 6.0% | N/A | N/A |
| Domestic Stock Fund | 2.3% | 7.6% | 7.6% | 5.2% | 5.3% |
| <i>S&P 500 Index</i> | 0.0% | 5.9% | 5.9% | 2.4% | 2.6% |
| Small Cap Fund | 3.6% | 10.7% | 10.7% | 13.4% | 7.6% |
| <i>Russell 2000 Index</i> | 2.6% | 7.9% | 7.9% | 8.6% | 3.4% |
| Public Real Estate Fund ³ | (0.8)% | N/A | N/A | N/A | N/A |
| <i>FTSE EPRA/NAREIT Global Real Estate Index</i> | (1.2)% | N/A | N/A | N/A | N/A |
| INTERNATIONAL EQUITY | | | | | |
| International Stock Core Fund | 0.1% | 3.1% | 3.1% | (2.1)% | 1.7% |
| <i>MSCI EAFE Index</i> | (2.2)% | 3.5% | 3.5% | (2.5)% | 1.8% |
| Emerging Markets Stock Fund ³ | 4.4% | (0.8)% | (0.8)% | N/A | N/A |
| <i>MSCI Emerging Markets Index</i> | 5.9% | 2.1% | 2.1% | N/A | N/A |
| ALTERNATIVES | | | | | |
| Commodities-Based Fund ³ | 1.2% | 4.6% | 4.6% | N/A | N/A |
| <i>Dow Jones UBS Commodity Index</i> | 2.1% | 4.5% | 4.5% | N/A | N/A |
| EQUITY AND FIXED INCOME | | | | | |
| Balanced Fund | 1.4% | 4.9% | 4.9% | 6.4% | 6.3% |
| <i>Blended Balanced Index</i> ⁴ | 0.0% | 3.6% | 3.6% | 2.8% | 3.5% |
| U.S. INFLATION | | | | | |
| Consumer Price Index (February 2011) ⁵ | 0.5% | 1.2% | 1.2% | 1.5% | 2.2% |

¹ Changed May 1, 2009. 3-year and 5-year blended with 90-day Treasury Bill. ² CDIF interest benefit accrues on a daily 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 Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁵ Most recent data available.