



Investment Perspective

FROM BRETHERN FOUNDATION

NOVEMBER 2011

MARKETS AND THE ECONOMY

The S&P 500 broke its five-month decline and rose 10.9 percent in October; that benchmark is up 1.3 percent for the year. Its resurgence was fueled, in part, by economic data suggesting the U.S. economy is not falling into a double-dip recession, strong third-quarter corporate earnings, and continued progress by European policymakers on a plan to resolve the region's debt crisis. However, as the month ended, concerns over the details of this plan and increased skepticism about Italy and Spain's ability to manage their debt loads led the market to take away some of those gains.

International equities, as measured by the MSCI EAFE, rose 9.7 percent in October but remain down 6.4 percent year-to-date. The bond market, as measured by the Barclays Capital Government/Credit Index, increased 0.1 percent for October and is up 7.6 percent for the year.

ADDITIONAL DOCUMENTATION IS NOW REQUIRED

Brethren Foundation is now requiring documentation indicating that the person who signs the Authorization Form on behalf of clients is authorized to do so. This form is used to identify individuals who are authorized to execute transactions and/or receive statements on behalf of the congregation or organization. An officer of the congregation or organization needs to sign the form to indicate that the people listed are indeed permitted to have the type of access indicated on the form. BFI now requires the officer to provide documentation, such as a corporate resolution or minutes of an official meeting, that confirms the status of the officer to sign the form.

Although there is no known instance of unauthorized individuals attempting to gain access to a client's assets, the implementation of this extra precaution will reduce the possibility that such an event might occur. BFI hopes that clients are comforted by this extra layer of security that is now being provided.

A new Authorization Form should be submitted to BFI every time a client wishes to change the list of those authorized to act on the client's behalf. This form is available at www.bbtfoundation.org or by contacting Steve Lipinski at slipinski@cobbt.org or 800-746-1505, ext. 377.

IS THERE A STORY HERE?

BFI is collecting stories to share in its publications and presentations that describe how assets under BFI management have been used to impact others. What good works have been accomplished with BFI-managed assets? BFI would like to share stories from clients that reveal the positive impact of its invested assets on its mission, outreach, or service that might otherwise not have been possible. All stories should be sent to Steve Mason at smason@cobbt.org or 1505 Dundee Ave., Elgin, IL, 60120.

EMAIL ADDRESSES CHANGE

Please note that all Brethren Foundation email addresses have changed. The following email addresses are now in effect —

Steve Mason
smason@cobbt.org

Steve Lipinski
slipinski@cobbt.org

Brethren Foundation Inc.
bfi@cobbt.org



Please contact Steve Mason, director of Brethren Foundation, with questions or comments.

Fund Performance Report

for the period ending Oct. 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	Ten Years
SHORT-TERM						
Short-Term Fund	(0.2)%	(0.2)%	0.3%	1.9%	2.5%	2.6%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.1%	0.2%	0.4%	1.6%	1.9%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.2%	0.5%	1.9%	2.7%	2.9%	N/A
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A	N/A
FIXED INCOME						
Bond Core Fund	0.4%	1.9%	6.9%	12.0%	6.9%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.1%	2.9%	7.6%	9.4%	6.4%	N/A
Bond Fund	0.5%	1.8%	6.8%	12.2%	7.0%	5.8%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.1%	2.9%	7.6%	9.4%	6.4%	5.5%
Treasury Inflation-Protected Securities Fund ³	1.4%	2.9%	11.2%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	1.9%	2.5%	12.7%	N/A	N/A	N/A
High Yield Bond Fund ³	5.6%	(1.9)%	3.7%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	6.0%	(1.6)%	4.5%	N/A	N/A	N/A
DOMESTIC EQUITY						
Domestic Stock Core Fund	10.1%	(5.1)%	(3.5)%	8.9%	0.8%	3.5%
<i>S&P 500 Index</i>	10.9%	(2.5)%	1.3%	11.4%	0.3%	3.7%
Domestic Stock Value Fund	13.6%	(8.6)%	(0.7)%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	11.5%	(3.4)%	(1.1)%	N/A	N/A	N/A
Domestic Stock Growth Fund	9.2%	(3.5)%	1.3%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	11.0%	(2.6)%	3.0%	N/A	N/A	N/A
Domestic Stock Fund	10.9%	(5.7)%	(1.0)%	12.4%	2.7%	4.9%
<i>S&P 500 Index</i>	10.9%	(2.5)%	1.3%	11.4%	0.3%	3.7%
Small Cap Fund	10.7%	(0.6)%	9.8%	21.7%	6.7%	N/A
<i>Russell 2000 Index</i>	15.1%	(6.7)%	(4.5)%	12.9%	0.7%	N/A
Public Real Estate Fund ³	11.8%	(5.5)%	N/A	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	11.7%	(7.5)%	N/A	N/A	N/A	N/A
INTERNATIONAL EQUITY						
International Stock Core Fund	10.6%	(9.2)%	(6.3)%	10.9%	(1.8)%	5.7%
<i>MSCI EAFE Index</i>	9.7%	(9.7)%	(6.4)%	10.4%	(2.0)%	6.2%
Emerging Markets Stock Fund ³	14.0%	(15.2)%	(15.9)%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	13.3%	(11.9)%	(11.3)%	N/A	N/A	N/A
ALTERNATIVES						
Commodities-Based Fund ³	5.1%	(7.6)%	(4.3)%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	6.6%	(8.2)%	(7.9)%	N/A	N/A	N/A
EQUITY AND FIXED INCOME						
Balanced Fund	6.2%	(2.6)%	2.4%	13.0%	4.9%	5.6%
<i>Blended Balanced Index</i> ⁴	6.6%	(0.1)%	4.1%	11.1%	3.1%	4.8%
U.S. INFLATION						
Consumer Price Index (September 2011) ⁵	0.2%	0.6%	3.7%	1.2%	2.3%	2.4%

¹ Changed May 1, 2009. 3-year, 5-year, and 10-year blended with 90-day Treasury Bill. ² CDIF interest 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.