



BFI client assets invested in the CDIF are used to purchase Community Investment Notes at a fixed interest rate through Calvert Foundation.



Investment Perspective

FROM BRETHERN FOUNDATION

FEBRUARY 2012

MARKETS AND THE ECONOMY

In the U.S., economic data continues to point towards sustained economic growth: Gross domestic product grew at an annual rate of 2.8 percent in the fourth quarter, and the unemployment rate declined to 8.3 percent in January. Meanwhile, the Consumer Sentiment Index continued to trend higher in January, while consumer spending picked up, manufacturing activity improved slightly, and corporate balance sheets remained strong.

Near-zero interest rates linger, and the Federal Reserve announced at the end of January that short-term rates may remain low through the end of 2014. The Fed also left open the possibility of a third round of quantitative easing, which could lower the cost of long-term borrowing and further stimulate the economy. The S&P 500 rose 4.5 percent during January (its best start to the year since 1997) and is up 5.3 percent over the last three months. The bond market, as measured by the Barclays Capital Government/Credit Index, increased 1.1 percent during January and is up 2.1 percent over the last three months.

On the international front, European leaders signed a pact designed to address budget deficits and restore investor confidence in the financial markets. However, there is no agreement over the restructuring of Greece's debt, and the country's bond payments are still at risk of default. International equities, as measured by the MSCI EAFE, grew 5.4 percent in January, but the index is still down 0.7 percent over the last three months.

LOW-INCOME COMMUNITY DEVELOPMENT GETS A BOOST FROM BFI CLIENTS

From soup kitchens to small businesses in the U.S. and abroad, Brethren Foundation clients provided \$289,018 in loans during 2011 to projects that serve the needs of at-risk communities through investing in BFI's Community Development Investment Fund.

"BFI's clients should celebrate the support they're offering to qualified community development institutions around the world through the CDIF," said BBT President Nevin Dulabaum.

BFI client assets invested in the CDIF are used to purchase Community Investment Notes at a fixed interest rate through Calvert Foundation. These Notes are used to provide loans in the areas of community development, affordable housing, microcredit, and small business development.

In total, Calvert Foundation reported that BFI client assets helped build or rehabilitate four affordable housing units and financed two not-for-profit organizations, cooperatives, or social innovations in 2011. CDIF assets also funded 111 new enterprises and created 156 new jobs in 2011.

Through Calvert Foundation, the CDIF supports domestic projects like Boston Community Capital, an organization that buys foreclosed properties and sells them back to the foreclosed homeowners — often with reduced mortgages. Internationally, CDIF investments help projects like KREDIT, a small loans provider for Cambodian entrepreneurs.

BFI clients interested in investing in the CDIF are encouraged to allocate no more than 1 percent of their portfolio to this fund.

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

Fund Performance Report

for the period ending Jan. 31, 2012



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	0.6%	0.3%	0.6%	1.4%	2.4%	2.5%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.0%	0.0%	0.4%	1.3%	1.9%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.2%	0.5%	0.2%	2.6%	2.8%	N/A
<i>No Benchmark</i>	N/A	N/A	N/A	N/A	N/A	N/A
FIXED INCOME						
Bond Core Fund	1.4%	2.1%	1.4%	9.7%	7.3%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.1%	2.1%	1.1%	7.5%	6.8%	N/A
Bond Fund	1.7%	2.1%	1.7%	10.0%	7.3%	6.2%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	1.1%	2.1%	1.1%	7.5%	6.8%	5.9%
Treasury Inflation-Protected Securities Fund ³	1.7%	3.4%	1.7%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	2.3%	3.1%	2.3%	N/A	N/A	N/A
High Yield Bond Fund ³	3.3%	3.1%	3.3%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	3.0%	3.5%	3.0%	N/A	N/A	N/A
DOMESTIC EQUITY						
Domestic Stock Core Fund	5.0%	4.9%	5.0%	14.9%	0.8%	3.4%
<i>S&P 500 Index</i>	4.5%	5.3%	4.5%	19.2%	0.3%	3.5%
Domestic Stock Value Fund	9.6%	9.8%	9.6%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	3.8%	5.3%	3.8%	N/A	N/A	N/A
Domestic Stock Growth Fund	5.7%	4.7%	5.7%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	6.0%	5.6%	6.0%	N/A	N/A	N/A
Domestic Stock Fund	6.7%	6.5%	6.7%	18.3%	2.9%	4.8%
<i>S&P 500 Index</i>	4.5%	5.3%	4.5%	19.2%	0.3%	3.5%
Small Cap Fund	6.0%	5.6%	6.0%	28.8%	6.6%	N/A
<i>Russell 2000 Index</i>	7.1%	7.4%	7.1%	23.0%	1.2%	N/A
Public Real Estate Fund ³	7.2%	0.4%	7.2%	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	7.5%	2.6%	7.5%	N/A	N/A	N/A
INTERNATIONAL EQUITY						
International Stock Core Fund	5.4%	0.2%	5.4%	14.4%	(2.9)%	6.0%
<i>MSCI EAFE Index</i>	5.4%	(0.7)%	5.4%	13.9%	(3.4)%	6.3%
Emerging Markets Stock Fund ³	12.4%	(0.1)%	12.4%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	11.4%	2.7%	11.4%	N/A	N/A	N/A
ALTERNATIVES						
Commodities-Based Fund ³	4.7%	(0.9)%	4.7%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	2.5%	(3.6)%	2.5%	N/A	N/A	N/A
EQUITY AND FIXED INCOME						
Balanced Fund	4.8%	4.8%	4.8%	15.3%	5.1%	5.7%
<i>Blended Balanced Index</i> ⁴	3.1%	4.1%	3.1%	14.9%	3.3%	4.8%
U.S. INFLATION						
Consumer Price Index (December 2011) ⁵	(0.2)%	(0.5)%	3.1%	2.4%	2.3%	2.5%

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.