



The Brethren Foundation Board of Directors has charged its Investment Committee with oversight and direction of the organization's investment program.



Investment Perspective

FROM BRETHERN FOUNDATION

APRIL 2012

MARKETS AND THE ECONOMY

U.S. stocks finished the first quarter on a high note amid signs that the economic recovery is growing stronger, and investors returned to riskier asset classes. The Standard & Poor's 500 Index rose 3.3 percent during March and is up 12.6 percent year-to-date. The bond market, as measured by the Barclays Capital Government/Credit Index, decreased 0.9 percent during March and has generated a modest 0.1 percent return year-to-date.

The Federal Reserve signaled it remains supportive of a low interest rate policy to help the job market, and it left the door open to additional accommodative policies to spur economic growth. The Fed's most recent round of stress tests showed that the nation's largest banks can withstand another severe economic recession, which may increase banks' willingness to lend.

Strong consumer spending numbers from January and February offer further hope for the U.S. economy; however, their sustainability is in question, as personal income growth is lagging behind spending gains.

While stimulus from European central banks has eased the sovereign debt crisis, some eurozone countries remain vulnerable to recession. The region has seen a contraction of fourth-quarter real GDP, an uptick in unemployment, and slowed manufacturing activity. International equities, as measured by the MSCI EAFE, declined 0.4 percent during March but have increased 11 percent year-to-date.

MEET THE INVESTMENT COMMITTEE

The Brethren Foundation Board of Directors has charged its Investment Committee with oversight and direction of the organization's investment program, which manages nearly \$150 million in assets. The Investment Committee consists of the following four individuals —

Jack Grim is a first vice president for Janney Montgomery Scott LLC in York, Pa. He is the manager of the 21-person office and has been a financial consultant for the past 25 years. Jack graduated from The Pennsylvania State University, and he maintains Series 7, Series 8, and Series 65 securities licenses. Jack is a member of Lake View Christian Fellowship (Pa.) Church of the Brethren.

Harry Rhodes is an owner of Rhodes, Butler & Dellinger PC, a law firm in Roanoke, Va. Harry has been practicing law since 1976, with an emphasis on estate planning and employee benefits. He is a graduate of the University of North Carolina and the University of Virginia School of Law and a member of the Virginia Bar Association and the American Bar Association. Harry is a member of Central (Va.) Church of the Brethren.

Wayne Scott is first deputy chief counsel to the Pennsylvania Public Utility Commission in Harrisburg, Pa. Wayne has been practicing law since 1978. He is a graduate of Elizabethtown College and American University Washington College of Law and a member of the Pennsylvania Bar Association and the American Bar Association. Wayne is a member of Mechanicsburg (Pa.) Church of the Brethren.

John Waggoner is a reporter and columnist for *USA Today's* Money section, covering investing and mutual funds. He appears monthly on PBS' "Nightly Business Report." He is the author of three books on personal finance topics. He earned a B.A. and M.A. from Northeastern University. John is a member of Dranesville (Va.) Church of the Brethren.

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

Fund Performance Report

for the period ending March 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	0.1%	1.1%	1.1%	1.3%	2.3%	2.6%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.0%	0.0%	0.3%	1.1%	1.8%
COMMUNITY DEVELOPMENT						
Community Development Investment Fund ²	0.2%	0.6%	0.6%	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	(0.8)%	1.1%	1.1%	9.8%	6.9%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.9)%	0.1%	0.1%	7.1%	6.3%	N/A
Bond Fund	(0.9)%	1.1%	1.1%	10.0%	6.9%	6.3%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.9)%	0.1%	0.1%	7.1%	6.3%	5.9%
Treasury Inflation-Protected Securities Fund ³	(1.2)%	0.9%	0.9%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	(1.1)%	0.9%	0.9%	N/A	N/A	N/A
High Yield Bond Fund ³	(0.1)%	5.4%	5.4%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	(0.1)%	5.3%	5.3%	N/A	N/A	N/A
DOMESTIC EQUITY						
Domestic Stock Core Fund	2.8%	13.1%	13.1%	19.0%	2.6%	4.0%
<i>S&P 500 Index</i>	3.3%	12.6%	12.6%	23.4%	2.0%	4.1%
Domestic Stock Value Fund	1.5%	17.5%	17.5%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	3.0%	11.1%	11.1%	N/A	N/A	N/A
Domestic Stock Growth Fund	2.7%	12.8%	12.8%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	3.3%	14.7%	14.7%	N/A	N/A	N/A
Domestic Stock Fund	2.3%	14.5%	14.5%	22.0%	4.3%	5.5%
<i>S&P 500 Index</i>	3.3%	12.6%	12.6%	23.4%	2.0%	4.1%
Small Cap Fund	2.3%	12.1%	12.1%	33.5%	7.7%	N/A
<i>Russell 2000 Index</i>	2.6%	12.4%	12.4%	26.9%	2.1%	N/A
Public Real Estate Fund ³	0.7%	11.6%	11.6%	N/A	N/A	N/A
<i>S&P Developed Property Index</i>	1.7%	12.8%	12.8%	N/A	N/A	N/A
INTERNATIONAL EQUITY						
International Stock Core Fund	1.1%	12.4%	12.4%	18.6%	(2.2)%	6.0%
<i>MSCI EAFE Index</i>	(0.4)%	11.0%	11.0%	17.7%	(3.0)%	6.2%
Emerging Markets Stock Fund ³	(5.0)%	14.1%	14.1%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	(3.3)%	14.1%	14.1%	N/A	N/A	N/A
ALTERNATIVES						
Commodities-Based Fund ³	(5.1)%	2.1%	2.1%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	(4.1)%	0.9%	0.9%	N/A	N/A	N/A
EQUITY AND FIXED INCOME						
Balanced Fund	1.1%	9.2%	9.2%	17.5%	5.8%	6.2%
<i>Blended Balanced Index</i> ⁴	1.6%	7.5%	7.5%	17.0%	4.2%	5.2%
U.S. INFLATION						
Consumer Price Index (February 2012) ⁵	0.4%	0.6%	0.8%	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. CPI data are not seasonally adjusted.