



---

# Investment Perspective

FROM BRETHREN FOUNDATION

APRIL 2013

## MARKETS AND THE ECONOMY

In March, Congress approved a funding bill with wide bipartisan support that keeps the government running through September 2013 and locks in across-the-board spending cuts the president signed into effect earlier in the month. The Federal Reserve reiterated support for its easy-money policy due in part to the impact of tax increases and federal government spending cuts. Existing home sales increased 0.8 percent in February and are up 10.2 percent over February 2012 sales, marking the 20th consecutive month of year-over-year gains. The S&P 500 Index gained 3.8 percent in March and is up 10.6 percent for the first three months of 2013. The bond market, as measured by the Barclays U.S. Capital Government/Credit Bond Index, increased 0.1 percent in March but has declined 0.2 percent since the beginning of the year.

Cyprus secured a bailout in March, avoiding the threat of departure from the eurozone. Fourth quarter GDP in Japan rose 0.2 percent on an annualized basis — a reversal from the 0.4 percent contraction reported last month. International equities, as measured by the MSCI EAFE Index, increased 0.9 percent during March and are up 5.2 percent March year-to-date.

## USE AUTHORIZATION FORM TO IDENTIFY CURRENT CLIENT REPRESENTATIVES

Brethren Foundation requires all clients to complete an Authorization Form to identify individuals who are authorized to execute transactions and/or receive BFI statements or other information. A new Authorization Form should be submitted to BFI every time a client wishes to change the list of people authorized to receive information from or conduct business with BFI. Keeping this list current will minimize delays with transactions while paperwork is updated and reduce the possibility of unauthorized access.

### Additional documentation is required

BFI requires an officer of the congregation or organization to sign the Authorization Form to affirm that the people listed are indeed permitted to have the type of access indicated on the form. BFI also requires the congregation or organization to provide documentation, such as a corporate resolution or minutes of an official meeting, confirming that the person who signs the Authorization Form is authorized to do so.

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

A blank Authorization Form is available at [bbtfoundation.org](http://bbtfoundation.org) or by contacting Steve Lipinski at [slipinski@cobbt.org](mailto:slipinski@cobbt.org) or 847-622-3377.

## INTERNATIONAL STOCK CORE FUND PERFORMANCE INCORRECTLY REPORTED IN MARCH

The performance of the International Stock Core Fund was incorrectly reported for the period ending Feb. 28, 2013. The primary contact for clients invested in this fund were notified of this error and given corrected statements. Data on the BFI website has been corrected.

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

Brethren Foundation requires all clients to complete an Authorization Form to identify individuals who are authorized to execute transactions and/or receive BFI statements or other information.



# Fund Performance Report

for the period ending March 31, 2013



All periods longer than one year are annualized.

## Performance Report

| Funds (Net of Investment Fees)<br>Benchmarks (Gross)             | Current Month | Three Months | Year-to-Date | Three Years | Five Years | Ten Years |
|--|---------------|--------------|--------------|-------------|------------|-----------|
| <b>SHORT-TERM</b>  |               |              |              |             |            |           |
| <b>Short-Term Fund</b>   | 0.0%          | (0.4)%       | (0.4)%       | 0.9%        | 1.5%       | 2.3%      |
| <i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>    | 0.0%          | 0.0%         | 0.0%         | 0.3%        | 0.4%       | 1.7%      |
| <b>COMMUNITY DEVELOPMENT</b>                                     |               |              |              |             |            |           |
| <b>Community Development Investment Fund</b> <sup>2</sup>        | 0.2%          | 0.5%         | 0.5%         | 2.4%        | 2.6%       | N/A       |
| <i>No Benchmark</i>  | N/A           | N/A          | N/A          | N/A         | N/A        | N/A       |
| <b>FIXED INCOME</b>  |               |              |              |             |            |           |
| <b>Bond Core Fund</b>  | 0.2%          | (0.9)%       | (0.9)%       | 6.4%        | 6.4%       | 5.5%      |
| <i>Barclays Capital U.S. Government/Credit Bond Index</i>        | 0.1%          | (0.2)%       | (0.2)%       | 6.1%        | 5.5%       | 5.1%      |
| <b>Bond Fund</b>   | 0.1%          | (0.9)%       | (0.9)%       | 6.6%        | 6.5%       | 5.7%      |
| <i>Barclays Capital U.S. Government/Credit Bond Index</i>        | 0.1%          | (0.2)%       | (0.2)%       | 6.1%        | 5.5%       | 5.1%      |
| <b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup> | 0.1%          | (1.1)%       | (1.1)%       | N/A         | N/A        | N/A       |
| <i>Barclays Capital U.S. TIPS Index</i>                          | 0.3%          | (0.4)%       | (0.4)%       | N/A         | N/A        | N/A       |
| <b>High Yield Bond Fund</b> <sup>3</sup>                         | 1.0%          | 3.2%         | 3.2%         | N/A         | N/A        | N/A       |
| <i>Barclays Capital U.S. Corporate High Yield Bond Index</i>     | 1.0%          | 2.9%         | 2.9%         | N/A         | N/A        | N/A       |
| <b>DOMESTIC EQUITY</b>   |               |              |              |             |            |           |
| <b>Domestic Stock Core Fund</b>                                  | 2.8%          | 8.5%         | 8.5%         | 8.8%        | 3.7%       | 8.0%      |
| <i>S&amp;P 500 Index</i>   | 3.8%          | 10.6%        | 10.6%        | 12.7%       | 5.8%       | 8.5%      |
| <b>Domestic Stock Value Fund</b>                                 | 4.7%          | 11.6%        | 11.6%        | N/A         | N/A        | N/A       |
| <i>Russell 1000 Value Index</i>                                  | 4.0%          | 12.3%        | 12.3%        | N/A         | N/A        | N/A       |
| <b>Domestic Stock Growth Fund</b>                                | 3.8%          | 10.4%        | 10.4%        | N/A         | N/A        | N/A       |
| <i>Russell 1000 Growth Index</i>                                 | 3.8%          | 9.5%         | 9.5%         | N/A         | N/A        | N/A       |
| <b>Domestic Stock Fund</b>                                       | 3.8%          | 10.1%        | 10.1%        | 13.3%       | 7.1%       | 10.0%     |
| <i>S&amp;P 500 Index</i>   | 3.8%          | 10.6%        | 10.6%        | 12.7%       | 5.8%       | 8.5%      |
| <b>Small Cap Fund</b>  | 2.7%          | 9.8%         | 9.8%         | 16.5%       | 12.2%      | N/A       |
| <i>Russell 2000 Index</i>  | 4.6%          | 12.4%        | 12.4%        | 13.5%       | 8.2%       | N/A       |
| <b>INTERNATIONAL EQUITY</b>                                      |               |              |              |             |            |           |
| <b>International Stock Core Fund</b>                             | 2.2%          | 6.2%         | 6.2%         | 5.6%        | (0.2)%     | 9.7%      |
| <i>MSCI EAFE Index</i>   | 0.9%          | 5.2%         | 5.2%         | 5.5%        | (0.4)%     | 10.2%     |
| <b>Emerging Markets Stock Fund</b> <sup>3</sup>                  | (1.1)%        | 0.4%         | 0.4%         | N/A         | N/A        | N/A       |
| <i>MSCI Emerging Markets Index</i>                               | (1.7)%        | (1.6)%       | (1.6)%       | N/A         | N/A        | N/A       |
| <b>REAL ASSETS</b>   |               |              |              |             |            |           |
| <b>Commodities-Based Fund</b> <sup>3</sup>                       | 2.0%          | 0.2%         | 0.2%         | N/A         | N/A        | N/A       |
| <i>Dow Jones UBS Commodity Index</i>                             | 0.7%          | (1.1)%       | (1.1)%       | N/A         | N/A        | N/A       |
| <b>Public Real Estate Fund</b> <sup>3</sup>                      | 2.3%          | 5.3%         | 5.3%         | N/A         | N/A        | N/A       |
| <i>S&amp;P Developed Property Index</i>                          | 2.8%          | 7.0%         | 7.0%         | N/A         | N/A        | N/A       |
| <b>EQUITY AND FIXED INCOME</b>                                   |               |              |              |             |            |           |
| <b>Balanced Fund</b>   | 2.4%          | 5.7%         | 5.7%         | 11.0%       | 7.4%       | 8.6%      |
| <i>Blended Balanced Index</i> <sup>4</sup>                       | 2.3%          | 6.2%         | 6.2%         | 10.4%       | 6.2%       | 7.4%      |
| <b>U.S. INFLATION</b>  |               |              |              |             |            |           |
| <b>Consumer Price Index</b> (February 2013) <sup>5</sup>         | 0.8%          | 0.8%         | 1.1%         | 2.4%        | 1.9%       | 2.4%      |

<sup>1</sup> Changed May 1, 2009. 5-year and 10-year blended with 90-day Treasury Bill. <sup>2</sup> CDIF interest accrues on a daily basis. <sup>3</sup> 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. <sup>4</sup> Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). <sup>5</sup> Most recent data available. CPI data are not seasonally adjusted.