



New Investment Options

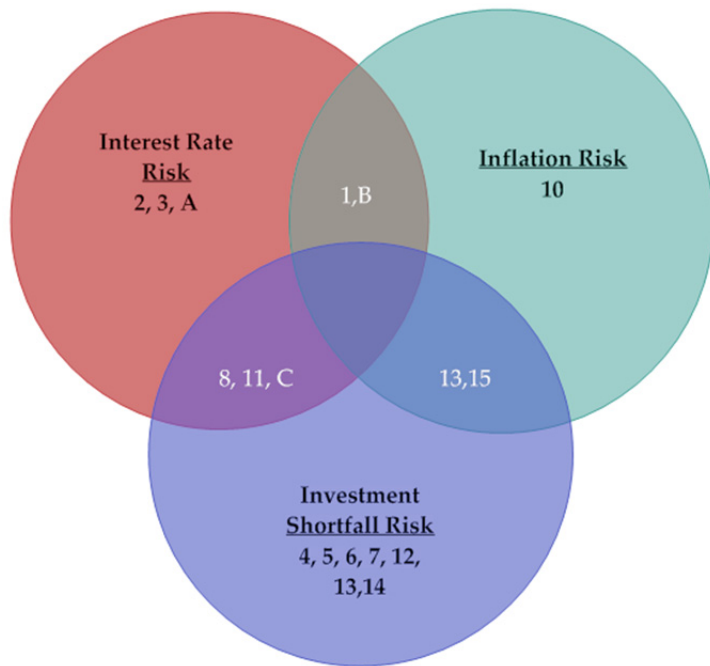
October 1, 2013

**Brethren Foundation
New Investment Options**

Effective Oct. 1, 2013, Brethren Foundation Inc. is introducing three new investment options that provide its constituent organizations with the opportunity to diversify their investment portfolios with the goal of reducing risk.

One way to look at risk is to consider it as a combination of inflation risk, interest rate risk, and investment shortfall risk. The chart below shows these three types of risk and BFI investment options that address these risks.

Risk and BFI Investment Options



Current Investment Options

1. Short-Term
2. Bond Core
3. Bond
4. Domestic Stock Core
5. Domestic Stock
6. Small Cap
7. International Stock Core
8. Balanced
9. Community Development Investment(Not On Chart)
10. TIPS
11. High Yield Bond
12. Domestic Stock Value
13. Domestic Stock Growth
14. Public Real Estate
15. Emerging Markets Stock
16. Commodities Based

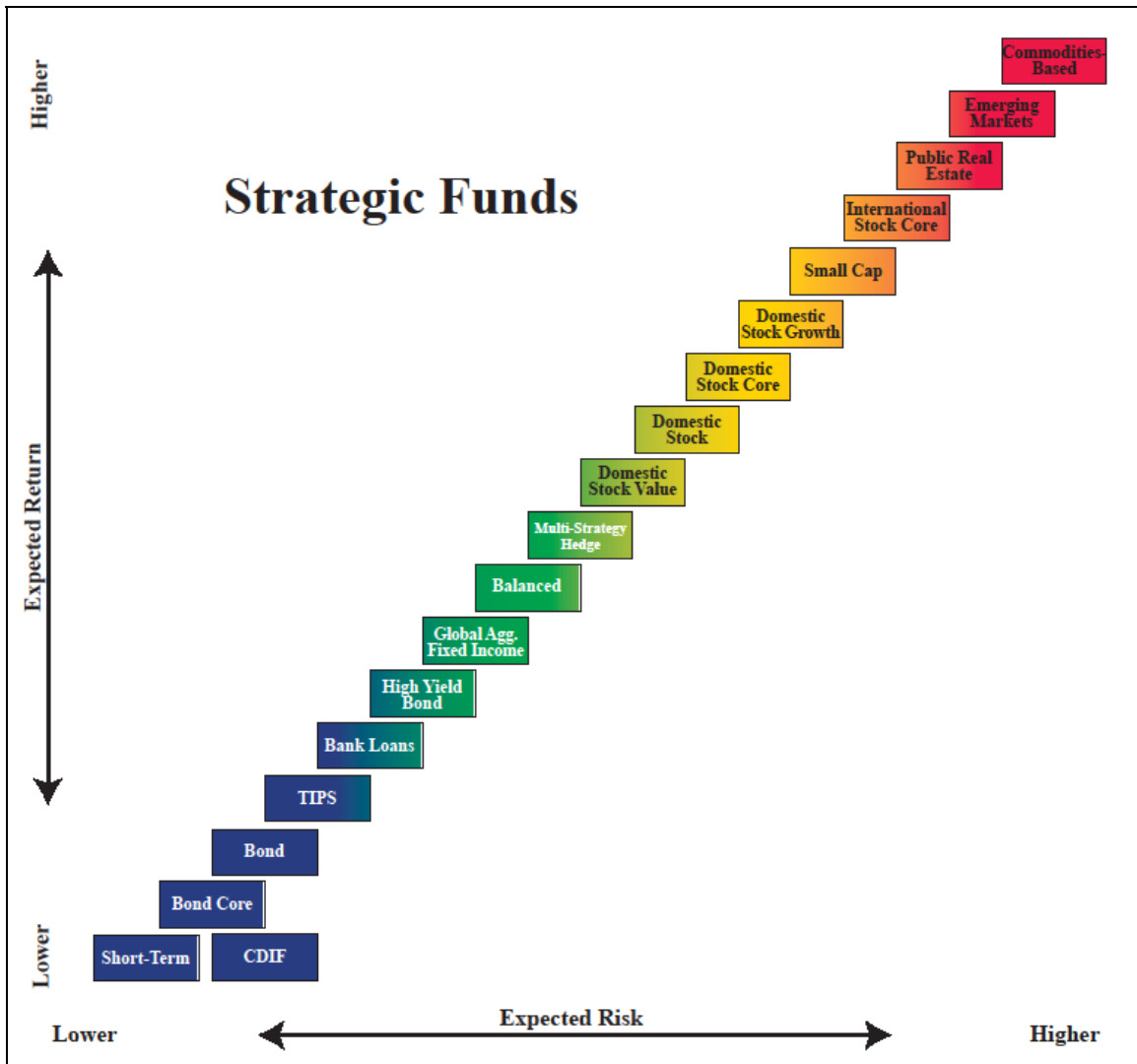
New Investment Options

- A. Global Aggregate Fixed Income
- B. Bank Loans
- C. Multi-Strategy Hedge

The chart shows that the new investment options provide additional opportunities for constituent organizations to manage these three types of risk.

The area that was most notably lacking from BFI’s fund lineup was interest rate risk. The three new investment options all address components of interest rate risk that diversify the existing

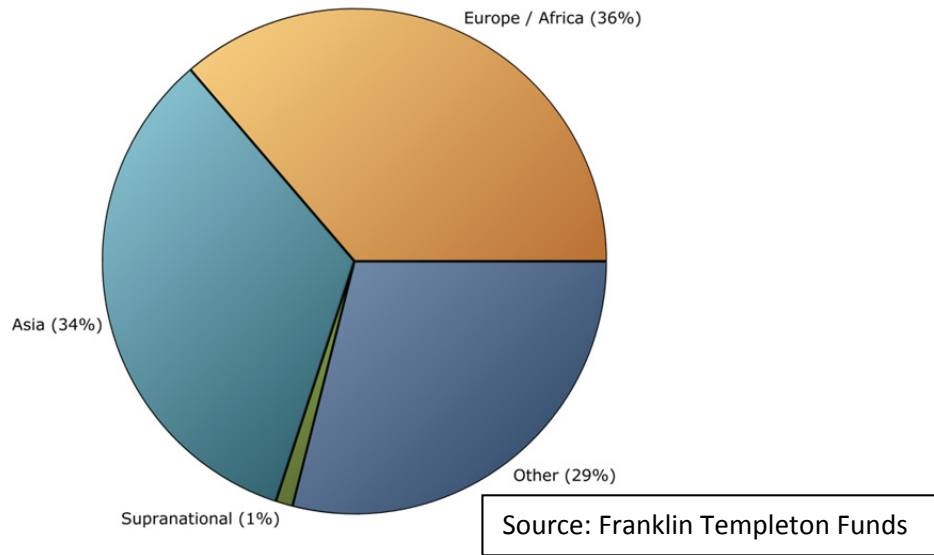
options to reduce exposure to rising U.S. interest rates. The chart below from the 2013 *Information Statement* illustrates the range of strategic funds offered.



Global Aggregate Fixed Income Fund

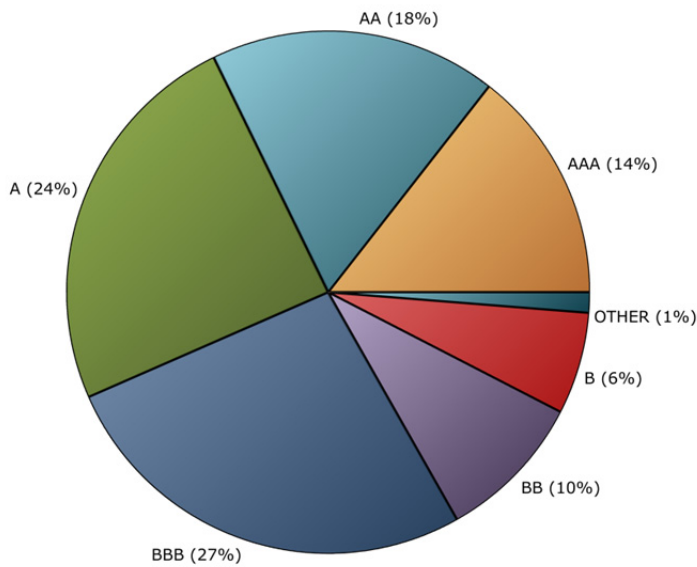
The Global Aggregate Fixed Income Fund represents an asset class that addresses interest rate risk. It is a higher risk option than the Bond and Bond Core funds, which both invest in only domestic securities, because it invests in lower-quality credit and takes exposure to currency fluctuation by investing in non-U.S.-denominated, international securities. The chart below shows that the majority of the funds in the Global Aggregate Fixed Income Fund are invested outside of North America, primarily in government securities of various nations.

Significant International Exposure



Exposure to fixed income securities from different countries includes credit risk, as not all countries are of equal credit quality. The chart below shows the rating distribution of the Global Aggregate Fixed Income Fund.

Fund Invests in Below-Investment-Grade Securities



Bonds that are not rated as investment-grade bonds are known as high yield bonds. These bonds have a higher stated return than investment-grade bonds but also carry significant risk of principal loss due to credit risk.

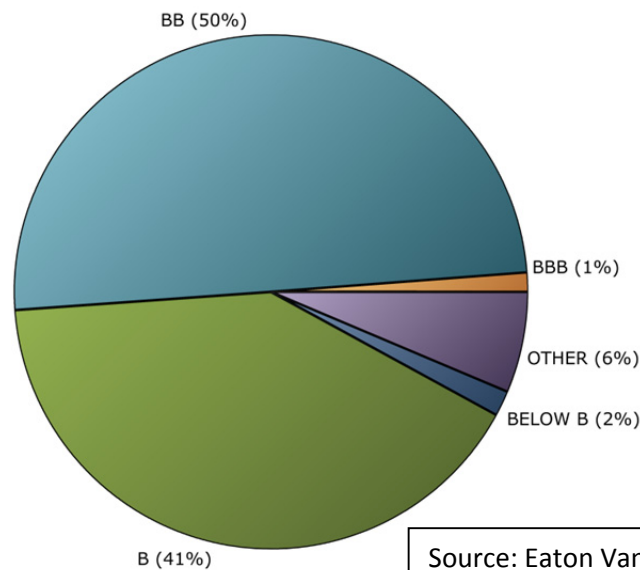
The perceived purpose of this fund is to diversify the interest rate risk of a portfolio. Generally, portfolio allocations to this fund should be constrained to a range of 0-7 percent.

The assets of this fund will be invested in a fund vehicle, the Templeton Global Bond Fund Advisor Class, until the fund is large enough for active management by BFI. The fund may not be in compliance with BFI's socially responsible investing guidelines as long as it is invested in a fund vehicle.

Bank Loans Fund

The Bank Loans Fund primarily invests in senior secured floating rate loans. It represents an asset class to address interest rate risk. These loans will tend to move in conjunction with short-term U.S. interest rates. Fluctuation in the value of the fund will also arise from credit risk. The risk is portrayed in the chart on Page 2 that illustrates the range of strategic funds offered. As the chart below illustrates, over 99 percent of the fund is invested in below-investment-grade loans.

Majority of Assets are Below Investment-Grade



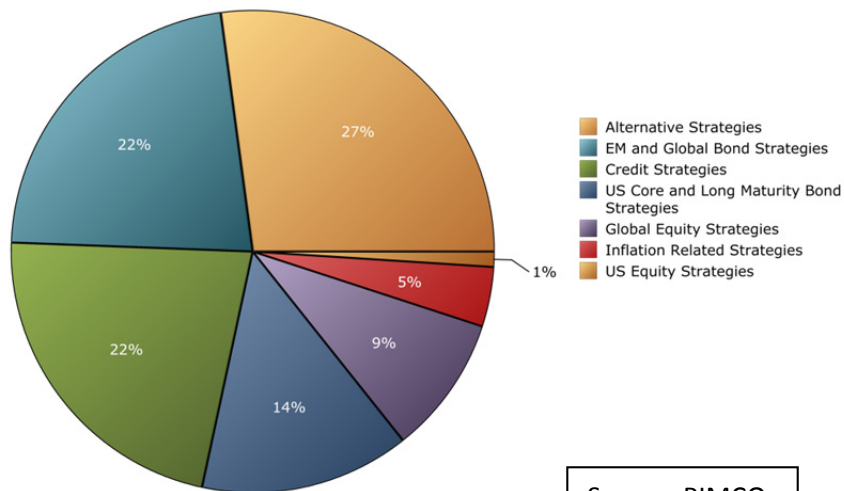
The perceived purpose of this fund is to diversify the interest rate risk of a portfolio. Generally, portfolio allocations to this fund should be constrained to a range of 0-7 percent.

The assets of this fund will be invested in a fund vehicle, Eaton Vance Floating Rate Fund Class I, until the fund is large enough for active management by BFI. The fund may not be in compliance with BFI's socially responsible investing guidelines as long as it is invested in a fund vehicle.

Multi-Strategy Hedge Fund

Most hedge fund investment strategies aim to achieve a positive return on investment regardless of whether markets are rising or falling. The Multi-Strategy Hedge Fund seeks to provide portfolio diversification with an investment option that uses nontraditional asset classes and/or nontraditional strategies to achieve lower correlation to fixed income and equity options. It is meant to primarily address interest rate risk.

Significant Exposure to Nontraditional Assets



The Multi-Strategy Hedge Fund currently invests in shares of the PIMCO All Asset All Authority Fund Institutional Class, a mutual fund. The strategy is a hedge fund replication strategy, rather than a traditional hedge fund. Replication removes the illiquidity, transparency, and fraud risk associated with direct investment in hedge funds. The PIMCO fund is publicly

traded, and all of its investments are in publicly traded PIMCO mutual funds, but the asset allocation is far different than the traditional portfolio, as indicated above.

The perceived purpose of this fund is to diversify the interest rate risk of a portfolio. Generally, portfolio allocations to this fund should be constrained to a range of 0-10 percent.

The assets of this fund will be invested in a fund vehicle until the fund is large enough for active management by BFI. The fund may not be in compliance with BFI's socially responsible investing guidelines as long as it is invested in a fund vehicle.

Contact Information

Steve Mason
Director
smason@cobbt.org
847-622-3369 (direct)
847-313-5900 (cell)

Steve Lipinski
Manager of Operations
slipinski@cobbt.org
847-622-3377 (direct)

1505 Dundee Ave.
Elgin, IL 60120
888-311-6530 (toll-free)
847-695-0200 (main number)
847-960-5712 (fax)
www.bbtfoundation.org

Disclosure

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