



Investment Perspective

FROM BRETHERN FOUNDATION

MAY 2010

MARKETS AND THE ECONOMY

What a difference a day or two makes when dealing with fear and hope. Most of April's gain was wiped out in two days of trading during the last week of the month. Determining the cause of large movements can be complicated, but market psychology is one reason used to explain the sudden drop. The stock market has gone too far in a short period of time, and it is overdue for a correction. This was combined with fear of the potential for European sovereign debt to default. Additionally, Goldman Sachs was coming under greater legal scrutiny and possible securities fraud charges for its role in securitizing mortgages and then using derivatives to profit from their default. On the hope side, economic data continues to support a growing U.S. economy, and corporate profits were overwhelmingly on the upside.

For the month, the S&P 500 saw a modest improvement, rising 1.6 percent, and short-term interest rates held steady. Market experts think long-term interest rates should hold fairly stable due to excess capacity and high unemployment, which has helped to keep a lid on wages and prices for some time, keeping inflation under control. The Bond and Bond Core funds saw healthy increases of 1.4 and 1.5 percent for the month, beating the 1.2 percent increase of the Barclays Capital Gov/Credit index.

Top 25 Publicly Traded Defense Contractors in 2009

1. Lockheed Martin
2. Boeing
3. General Dynamics
4. Northrop Grumman
5. Raytheon
6. United Technologies
7. L-3 Communications
8. BAE Systems
9. Oshkosh
10. KBR
11. SAIC
12. Humana
13. General Electric
14. Health Net
15. ITT
16. Textron
17. Computer Sciences Corp.
18. URS
19. Finmeccanica
20. Royal Dutch Shell
21. Alliant Techsystems
22. Honeywell International
23. DynCorp International
24. CACI International
25. BP



BFI'S FOUR-FOLD SCREEN AGAINST WAR: 2010 DEPARTMENT OF DEFENSE LISTS RELEASED

Four investment screens minimize the likelihood that assets under BFI management are invested with companies that generate significant revenue from activities or products that can support war efforts anywhere in the world.

Assets actively managed by BFI may not be invested with —

- The top 25 public companies receiving prime military contract awards from the U.S. Department of Defense for the last full fiscal year.
- Publicly traded companies that receive more than 10 percent of their gross annual revenue from:
 - Contracts awarded by the Department of Defense.
 - The manufacture or sale of biological, chemical, or nuclear weapons; anti-personnel landmines; or cluster munitions.
 - The manufacture or sale of firearms or military weapons systems, including key components.

The 2010 Department of Defense lists, compiled by Boston Common Asset Management and based on 2009 data, were adopted by the BFI Board at its April meeting. New to this year's top 25 Department of Defense list are Finmeccanica, Royal Dutch Shell, DynCorp International, CACI International, and BP. Absent from this year's list are Navistar International, Agility Holdings, DRS Technologies (purchased by Finmeccanica), Hewlett-Packard, and Harris. BFI screens 67 additional companies from its investments because these firms received more than 10 percent of their revenue from Defense contracts in 2009.

Copies of these lists are available upon request or online at www.brethrenbenefittrust.org by clicking on **Downloads** and then **Socially Responsible Investing**.

Please contact Steve Mason, director of Brethren Foundation, if you have questions or comments.

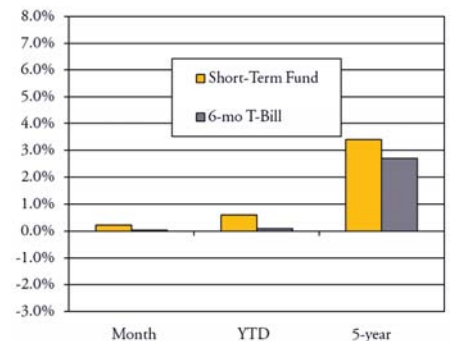
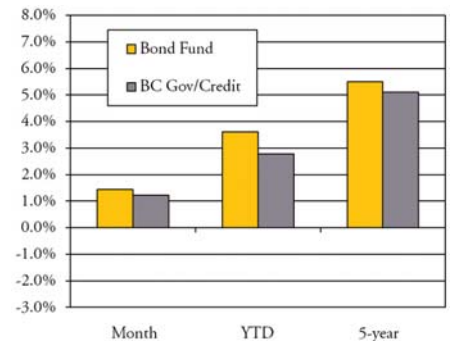
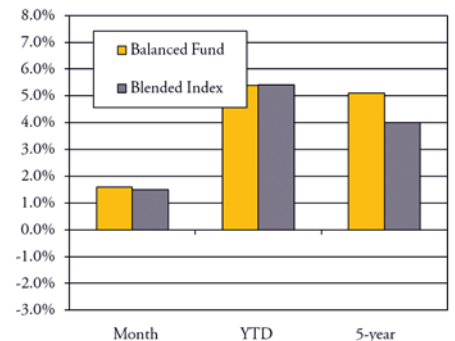
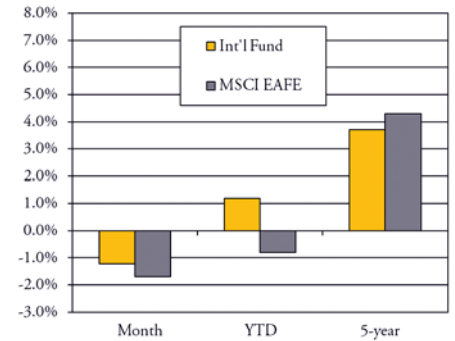
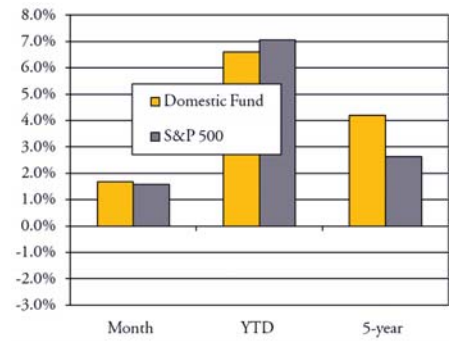
Monthly Fund Performance Report

for the period ending April 30, 2010

Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS (Net of Investment Fees)	BENCHMARKS (Gross)
Domestic Stock Fund: Rate of Return Current month 1.7% Year to date 6.6% Five years 4.2%	S&P 500: Rate of Return Current month 1.6% Year to date 7.1% Five years 2.6%
Domestic Stock Core Fund: Rate of Return Current month 1.1% Year to date 6.6% Five years 4.0%	S&P 500: Rate of Return Current month 1.6% Year to date 7.1% Five years 2.6%
Small Cap Fund: Rate of Return Current month 4.3% Year to date 11.1% Five years 7.8%	Russell 2000: Rate of Return Current month 5.7% Year to date 15.0% Five years 5.7%
International Stock Core Fund: Rate of Return Current month (1.2)% Year to date 1.2% Five years 3.7%	MSCI EAFE: Rate of Return Current month (1.7)% Year to date (0.8)% Five years 4.3%
Balanced Fund: Rate of Return Current month 1.6% Year to date 5.4% Five years 5.1%	Blended Balanced Index: Rate of Return Current month 1.5% Year to date 5.4% Five years 4.0%
Bond Fund: Rate of Return Current month 1.4% Year to date 3.6% Five years 5.5%	Barclays Capital Gov/Credit: Rate of Return Current month 1.2% Year to date 2.8% Five years 5.1%
Bond Core Fund: Rate of Return Current month 1.5% Year to date 3.7% Five years 5.5%	Barclays Capital Gov/Credit: Rate of Return Current month 1.2% Year to date 2.8% Five years 5.1%
Short-Term Fund: Rate of Return Current month 0.2% Year to date 0.6% Five years 3.4%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.0% Year to date 0.1% Five years 2.7% * Changed 5/1/09. YTD and 5 yr blended w/90-day T-Bill.
Comm. Dev. Investment Fund: Rate of Return Current month 0.5%* Year to date 0.7%* Five years 2.8%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) March 2010 0.4% Year to date (thru March 2010) 0.7% Five years 2.4% The CPI is an indicator of inflation.



Five-year returns are annualized.