



Investment Perspective

FROM BRETHERN FOUNDATION

JULY 2010

MARKETS AND THE ECONOMY

The international and domestic equity markets continued on their steep declines in June that started in May. The second quarter ended as one of the worst in recent history. The equity markets reacted to sovereign debt concerns, and a flight to quality and lower valuations reflected an increasing possibility of a domestic and even worldwide double-dip recession. A worsening employment picture in the U.S. and lower international manufacturing output and consumption raised concerns about the possibility of a return to a slow-growth economic scenario or worse. A common theme heard now is that the longer period of time it takes before a sustained recovery occurs and improves employment, the greater the risk of a recession returning — and with it lower stock values.

Bonds were one of the best-performing asset classes during June. The continued flight to quality widened the spread between U.S. Treasury bond yields and corporate and other asset-backed securities. An increasing number of people believe that this lower-return environment will be the norm for the short to intermediate term.

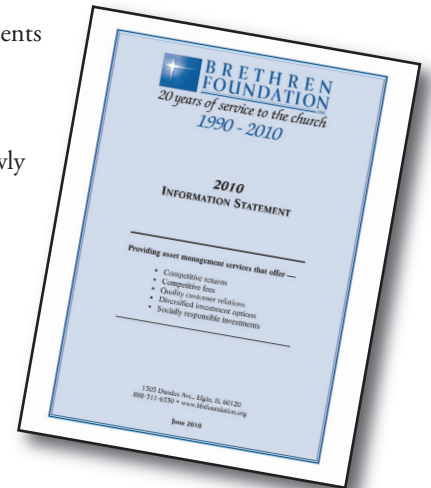
Important information about BFI is provided to current and prospective clients in the *Information Statement* and should be reviewed carefully.

BFI RELEASES 2010 *INFORMATION STATEMENT*

Brethren Foundation is pleased to announce the release of its 2010 *Information Statement*. This disclosure resource provides important information about BFI, its processes, its fees, and its performance. Audited financial statements for the year ending on Dec. 31, 2009, are also included.

This year's edition includes information about new investment options that will soon be available to clients and copies of the newly revised forms that accommodate these new investment options. Important information about BFI is provided to current and prospective clients in the *Information Statement* and should be reviewed carefully.

The 2010 *Information Statement* is being sent with this issue of *Investment Perspective* and the June statement to the primary contact for each of BFI's organizational clients. Additional copies are available from Brethren Foundation, upon request, in either printed or electronic format.



CORRECTION NOTICE: Some of the benchmark data for the International Stock Core Fund, the Balanced Fund, and the Short Term Fund were incorrectly reported in the May and June issues of *Investment Perspective*. We regret these errors. Corrected versions of both issues are available at www.bbtfoundation.org.



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

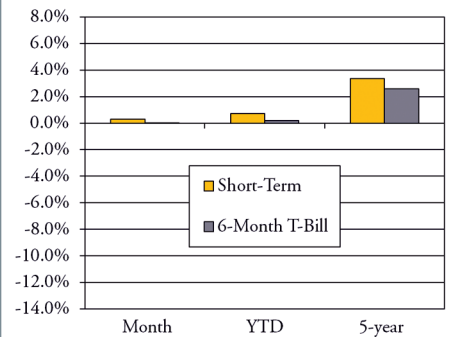
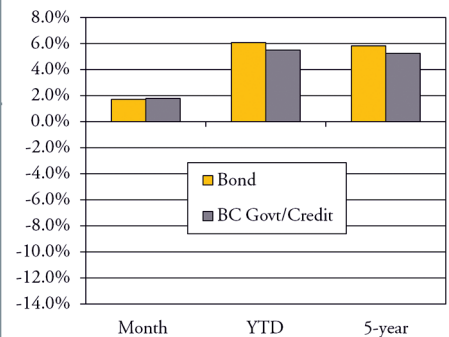
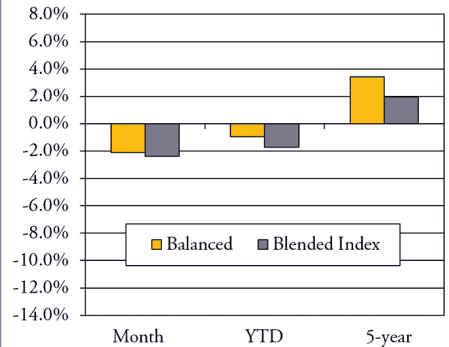
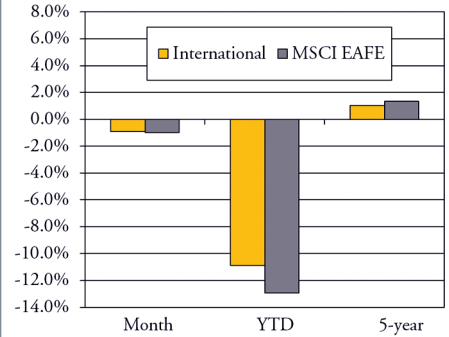
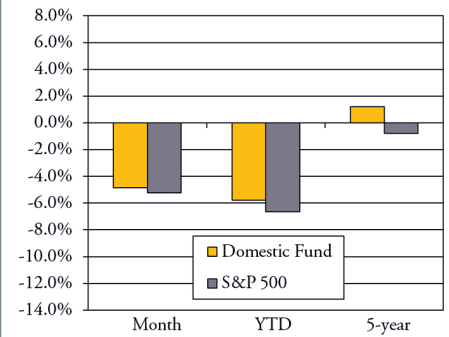
Monthly Fund Performance Report

for the period ending June 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 (4.9%) Year to date (5.8%) Five years 1.2%	S&P 500: Rate of Return Current month (5.2%) Year to date (6.7%) Five years (0.8%)
Domestic Stock Core Fund: Rate of Return Current month (4.7%) Year to date (6.1%) Five years 0.8%	S&P 500: Rate of Return Current month (5.2%) Year to date (6.7%) Five years (0.8%)
Small Cap Fund: Rate of Return Current month (3.1%) Year to date 0.7% Five years 4.4%	Russell 2000: Rate of Return Current month (7.8%) Year to date (2.0%) Five years 0.4%
International Stock Core Fund: Rate of Return Current month (0.9%) Year to date (10.9%) Five years 1.0%	MSCI EAFE: Rate of Return Current month (1.0%) Year to date (12.9%) Five years 1.4%
Balanced Fund: Rate of Return Current month (2.1%) Year to date (0.9%) Five years 3.4%	Blended Balanced Index: Rate of Return Current month (2.4%) Year to date (1.7%) Five years 2.0%
Bond Fund: Rate of Return Current month 1.7% Year to date 6.1% Five years 5.8%	Barclays Capital Gov/Credit: Rate of Return Current month 1.8% Year to date 5.5% Five years 5.3%
Bond Core Fund: Rate of Return Current month 1.6% Year to date 6.2% Five years 5.8%	Barclays Capital Gov/Credit: Rate of Return Current month 1.8% Year to date 5.5% Five years 5.3%
Short-Term Fund: Rate of Return Current month 0.3% Year to date 0.7% Five years 3.4%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.0% Year to date 0.2% Five years 2.6% * 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 1.6%* Five years 3.0%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) May 2010 0.1% Year to date (thru May 2010) 1.0% Five years 2.3% The CPI is an indicator of inflation.



Five-year returns are annualized.