



Investment Perspective

FROM BRETHERN FOUNDATION

AUGUST 2010

MARKETS AND THE ECONOMY

July saw a rebound from the declines in equity and bond prices in May and June. Higher than expected corporate earnings in many different areas, especially the financial sector, were finally reflected in rising stock values. A higher risk appetite helped fuel a rally in bond prices as yields came down.

There has been a divergence between fundamentals in the balance sheet of companies and the economic data in the U.S. Strong corporate earnings and weak economic news have made investors feel uncertain about how to invest. This uncertainty has kept the U.S. stock market in a trading range between 10 percent higher and lower than the starting point for the S&P 500 index so far this year. We are currently in the middle of that range at the end of July.

At 7 percent, Brethren Foundation's Domestic Stock Core Fund was slightly higher than the S&P 500 index. BFI Bond and Bond Core Funds significantly outperformed their indexes with total returns for the month of 2.1 and 1.9 percent, respectively. The BFI International Stock Core Fund showed the highest absolute return at 9.7 percent for the month.

NEW BFI FORMS NOW AVAILABLE

A completely revised set of account maintenance and management forms is now available from Brethren Foundation for organizational clients. Some of the revisions were required to provide access to the seven new investment options that became available on Aug. 1, 2010. Here is the list of forms and their purposes —

- **Asset Management Application** is used to engage the Foundation's asset management services.
- **Authorization Form** is used to list individuals who are authorized to execute transactions and/or receive statements on behalf of the organization. It should be completed and submitted whenever a change of authorized individuals occurs.
- **Allocation Form** is used to establish allocation and rebalancing instructions for new accounts and change allocation and rebalancing instructions on file for existing accounts.
- **Contribution Form** is used to contribute assets to an existing account or to establish a new account.
- **Distribution Form** is used to withdraw assets from an account.
- **Transfer Form** is used to transfer assets within an account or from one account to another.

Please discard any copies of the old forms that you may have in your possession and begin using the new forms immediately. These new forms are available by clicking the **Downloads** button at www.bbtfoundation.org or upon request from the Brethren Foundation office.

DO WE HAVE YOUR E-MAIL ADDRESS?

Brethren Foundation maintains a directory of e-mail addresses for the primary contacts of organizational clients, so that organizations can be quickly contacted when the need arises. Primary contacts are requested to provide new e-mail addresses to Brethren Foundation by sending the information to Steve Lipinski at slipinski_bbt@brethren.org.

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

Brethren Foundation maintains a directory of e-mail addresses for the primary contacts of organizational clients, so that organizations can be quickly contacted when the need arises.



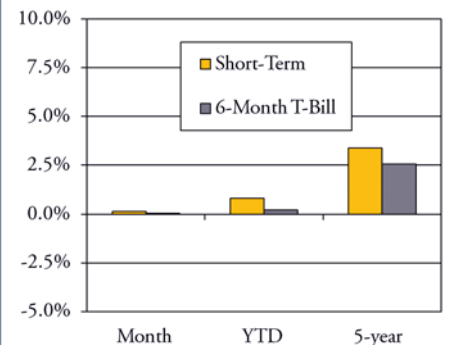
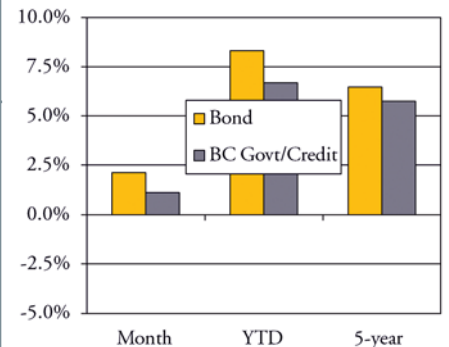
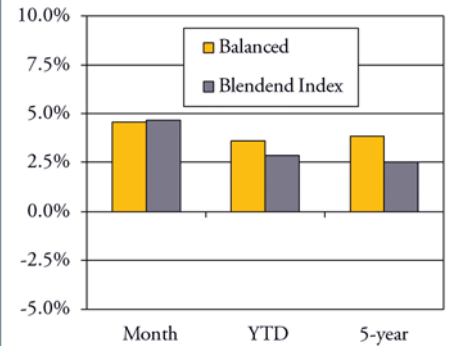
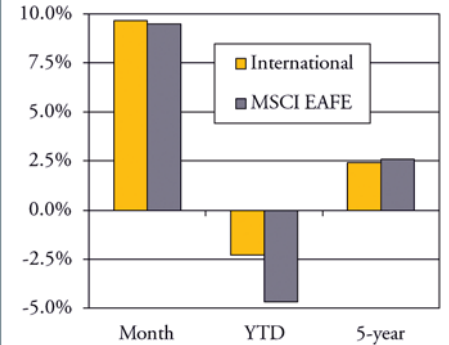
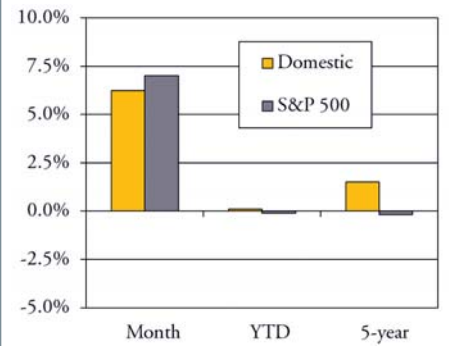
Monthly Fund Performance Report

for the period ending July 31, 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 6.2% Year to date 0.1% Five years 1.5%	S&P 500: Rate of Return Current month 7.0% Year to date (0.1)% Five years (0.2)%
Domestic Stock Core Fund: Rate of Return Current month 7.1% Year to date 0.6% Five years 1.5%	S&P 500: Rate of Return Current month 7.0% Year to date (0.1)% Five years (0.2)%
Small Cap Fund: Rate of Return Current month 6.3% Year to date 6.9% Five years 4.3%	Russell 2000: Rate of Return Current month 6.9% Year to date 4.8% Five years 0.5%
International Stock Core Fund: Rate of Return Current month 9.7% Year to date (2.3)% Five years 2.4%	MSCI EAFE: Rate of Return Current month 9.5% Year to date (4.7)% Five years 2.6%
Balanced Fund: Rate of Return Current month 4.6% Year to date 3.6% Five years 3.8%	Blended Balanced Index: Rate of Return Current month 4.7% Year to date 2.9% Five years 2.5%
Bond Fund: Rate of Return Current month 2.1% Year to date 8.3% Five years 6.5%	Barclays Capital Gov/Credit: Rate of Return Current month 1.1% Year to date 6.7% Five years 5.7%
Bond Core Fund: Rate of Return Current month 1.9% Year to date 8.1% Five years 6.4%	Barclays Capital Gov/Credit: Rate of Return Current month 1.1% Year to date 6.7% Five years 5.7%
Short-Term Fund: Rate of Return Current month 0.2% Year to date 0.8% Five years 3.4%	Merrill Lynch 6-Month T-Bill*: Rate of Return Current month 0.0% Year to date 0.2% Five years 2.5% * 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 2.1%* Five years 3.1%* *Interest accrues on a quarterly basis.	Consumer Price Index: (most recent data available) June 2010 (0.1)% Year to date (thru June 2010) 0.9% Five years 2.3% The CPI is an indicator of inflation.



Five-year returns are annualized.