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# Investment Perspective

FROM BRETHERN FOUNDATION

DECEMBER 2011

## MARKETS AND THE ECONOMY

During November, the stock and bond markets reflected investor concerns about the ongoing debt crisis in Europe and the congressional supercommittee's failure to forge a \$1.2 trillion deficit reduction deal. International equities were hit the hardest; the MSCI EAFE decreased 4.8 percent. The U.S. bond market, as measured by the Barclays Capital Government/Credit Index, and the U.S. equity market, as measured by the S&P 500, each declined a modest 0.2 percent.

One major event at the end of November was the decision by the Federal Reserve and six other central banks to free up funds and lower the cost of borrowing. While this effort offers some temporary stability to global financial markets, it does not fully address Europe's fiscal and economic challenges.

The U.S. has its own budget woes (and the threat of major, automatic spending cuts in 2013 if the federal government doesn't intervene), but despite this, there was moderate improvement in the economic data coming out of the U.S. last month. Manufacturing and consumer confidence were stronger than expected, the unemployment rate dropped to below 9 percent, and American households continued to reduce their debt.

## TASKS TO CONSIDER AT THE END OF THE YEAR

As 2011 comes to an end, please consider the following —

Now would be a good time for all organizations that don't have rebalancing instructions on file with BFI to consider the merits of rebalancing their portfolios.

- **Initiating transactions.** To be certain that withdrawals, deposits, or transfers are recorded in 2011, the properly completed and signed paperwork, with assets in the case of deposits, must be received at the Brethren Foundation office no later than noon CST on Dec. 27. Paperwork may be submitted by fax to 847-960-5712, sent as an attachment to an email message to [bfi@cobbt.org](mailto:bfi@cobbt.org), or mailed through the postal service to 1505 Dundee Ave., Elgin, IL 60120.
- **Processing securities transfers.** Sometimes organizations call on BFI to assist with the transfer of securities, such as stocks or mutual funds, from donors. Since other companies are involved in such a transfer, it is difficult to predict or control the pace of the transfer. Therefore, BFI should be contacted as soon as possible to initiate this process; doing so will increase the likelihood that the transfer will be completed in 2011.
- **Rebalancing your organization's portfolio.** Now would be a good time for all organizations that don't have rebalancing instructions on file with BFI to consider the merits of rebalancing their portfolios.
- **Updating your list of authorized individuals.** Organizations minimize the chance of unauthorized transactions occurring by ensuring that their list of individuals authorized to conduct business with BFI is up to date.
- **Confirming your primary contact's email address.** Please make sure that the email address for the primary contact is correct. BFI uses email to quickly distribute important information to all clients.
- **Registering for online account management.** Organizations are encouraged to utilize the benefits of online account management.



Please contact Steve Lipinski at [slipinski@cobbt.org](mailto:slipinski@cobbt.org) or 847-622-3377 as soon as possible to assist with any of these matters or other special situations that may exist.

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

# Fund Performance Report

for the period ending Nov. 30, 2011



All periods longer than one year are annualized.

## Performance Report

Funds (Net of Investment Fees) Benchmarks (Gross)	Current Month	Three Months	Year-to-Date	Three Years	Five Years	Ten Years
<b>SHORT-TERM</b>						
<b>Short-Term Fund</b>	(0.3)%	(0.7)%	(0.1)%	1.6%	2.4%	2.5%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> <sup>1</sup>	0.0%	0.0%	0.3%	0.4%	1.4%	1.9%
<b>COMMUNITY DEVELOPMENT</b>						
<b>Community Development Investment Fund</b> <sup>2</sup>	0.2%	0.5%	2.1%	2.7%	2.8%	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>	(0.7)%	0.7%	6.1%	10.9%	6.5%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.2)%	0.9%	7.4%	7.7%	6.1%	N/A
<b>Bond Fund</b>	(0.8)%	0.5%	6.0%	11.1%	6.6%	5.9%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	(0.2)%	0.9%	7.4%	7.7%	6.1%	5.6%
<b>Treasury Inflation-Protected Securities Fund</b> <sup>3</sup>	1.8%	2.2%	13.2%	N/A	N/A	N/A
<i>Barclays Capital U.S. TIPS Index</i>	0.8%	2.4%	13.5%	N/A	N/A	N/A
<b>High Yield Bond Fund</b> <sup>3</sup>	(3.0)%	0.4%	0.6%	N/A	N/A	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	(2.2)%	0.3%	2.3%	N/A	N/A	N/A
<b>DOMESTIC EQUITY</b>						
<b>Domestic Stock Core Fund</b>	(0.6)%	0.1%	(4.1)%	11.0%	0.3%	2.7%
<i>S&amp;P 500 Index</i>	(0.2)%	2.9%	1.1%	14.1%	(0.2)%	2.9%
<b>Domestic Stock Value Fund</b>	0.2%	0.8%	(0.5)%	N/A	N/A	N/A
<i>Russell 1000 Value Index</i>	(0.5)%	2.5%	(1.6)%	N/A	N/A	N/A
<b>Domestic Stock Growth Fund</b>	0.5%	2.0%	1.7%	N/A	N/A	N/A
<i>Russell 1000 Growth Index</i>	0.0%	2.8%	3.0%	N/A	N/A	N/A
<b>Domestic Stock Fund</b>	0.0%	0.9%	(1.0)%	15.6%	2.3%	4.1%
<i>S&amp;P 500 Index</i>	(0.2)%	2.9%	1.1%	14.1%	(0.2)%	2.9%
<b>Small Cap Fund</b>	0.1%	3.0%	9.9%	24.7%	6.1%	N/A
<i>Russell 2000 Index</i>	(0.4)%	1.9%	(4.8)%	17.6%	0.1%	N/A
<b>Public Real Estate Fund</b> <sup>3</sup>	(9.9)%	(8.1)%	N/A	N/A	N/A	N/A
<i>S&amp;P Developed Property Index</i>	(5.4)%	(6.8)%	N/A	N/A	N/A	N/A
<b>INTERNATIONAL EQUITY</b>						
<b>International Stock Core Fund</b>	(3.5)%	(4.9)%	(9.6)%	11.4%	(3.0)%	5.0%
<i>MSCI EAFE Index</i>	(4.8)%	(5.6)%	(10.9)%	10.6%	(3.5)%	5.3%
<b>Emerging Markets Stock Fund</b> <sup>3</sup>	(11.8)%	(10.9)%	(25.8)%	N/A	N/A	N/A
<i>MSCI Emerging Markets Index</i>	(6.7)%	(9.7)%	(17.2)%	N/A	N/A	N/A
<b>ALTERNATIVES</b>						
<b>Commodities-Based Fund</b> <sup>3</sup>	(3.3)%	(9.9)%	(7.5)%	N/A	N/A	N/A
<i>Dow Jones UBS Commodity Index</i>	(2.2)%	(11.1)%	(10.0)%	N/A	N/A	N/A
<b>EQUITY AND FIXED INCOME</b>						
<b>Balanced Fund</b>	(0.3)%	0.8%	2.1%	14.3%	4.5%	5.1%
<i>Blended Balanced Index</i> <sup>4</sup>	(0.2)%	2.3%	3.9%	12.0%	2.8%	4.4%
<b>U.S. INFLATION</b>						
<b>Consumer Price Index</b> (October 2011) <sup>5</sup>	(0.2)%	0.3%	3.5%	1.5%	2.3%	2.5%

<sup>1</sup> Changed May 1, 2009. 3-year, 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.