



---

# Investment Perspective

FROM THE BRETHERN FOUNDATION

MARCH 2003

## MARKETS AND ECONOMY

The Standard & Poor's 500 Index lost 1.5 percent in February, which means it is down 4.1 percent for the first two months of the year. The MSCI Europe/Australia/Far East Index fell 2.3 percent on the month, bringing its year-to-date loss to 6.4 percent. The Lehman Brothers Government/Credit Index, meanwhile, grew by 1.8 percent in February, following a flat January performance.

U.S. manufacturing activity grew slightly in February; the fourth month in a row of growth in this area. Still, equity markets around the world remained weak in the face of the uncertainties surrounding war between the United States and Iraq, along with fears of deflation and weak corporate earnings. Uncertainty, as usual, affects the financial markets negatively. February's growth in durable goods orders — business spending — and modest improvement in corporate earnings provided some welcome good news.

Accumulating data continues to suggest moderate growth for the remainder of this year. When the imminence of a U.S. attack turns into either reality or a last-minute deal, many factors may become clearer and allow the markets to react to underlying conditions, both domestically and internationally.

## PROCESSING YOUR TRANSACTIONS PART I

Brethren Foundation's goal is to process client transactions within two business days of receipt. Systems for deposits, withdrawals, and transfers are designed for simplicity and accuracy, but operate within certain parameters.

**Deposits** may be made at any time during the month. Funds are credited with earnings based on the proportion of the month for which they are invested.

**Withdrawals** may be made only after the previous month is closed — generally around the tenth business day of the new month — and are limited to 80 percent of the month's opening balance.

**Transfers** within a sub-account may be made whenever withdrawals are possible and in any amount up to 100 percent of the opening balance. Transfers involve moving invested assets among BFI's funds without leaving the sub-account.

A convenient form for initiating transactions is available at [www.bbtfoundation.org](http://www.bbtfoundation.org). Click on *Forms*, then select *Transfer/Withdrawal Form* and print from your own printer. Clients may change the individuals authorized to initiate transactions and receive reports using the form at the same site under *Update Authorized Individuals*. Each of the forms includes several ways to deliver the instructions to Brethren Foundation.

## BRETHERN FOUNDATION HIGHLIGHTS

- Each Brethren Foundation equity investment fund equaled or exceeded its benchmark performance for February.
- For the year to date, each domestic fund is ahead of its benchmark.

A Brethren Foundation representative can talk with you about the appropriate allocation of your organization's funds. Simply call **888-311-6530** to begin such a discussion. Descriptions of Brethren Foundation's family of funds are available on the website at [www.bbtfoundation.org](http://www.bbtfoundation.org).

“Accumulating data continues to suggest moderate growth for the remainder of this year.”



# Monthly Fund Performance Report

for the period ending February 28, 2003

# Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS	BENCHMARKS	
<p><b>Domestic Stock Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Equity Fund ..... 90-95%                      Cash Fund ..... 5-10%</p> <p><b>Rate of Return</b>                      Current month ..... (1.3)%                      Year to date ..... (3.3)%                      Five years ..... (0.1)%</p>	<p><b>CPI:</b></p> <p><b>Rate of Return</b>                      Current month ..... 0.4%                      Year to date ..... 0.4%                      Five years ..... 2.3%</p>	
<p><b>Domestic Stock Index Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Equity Fund ..... 90-95%                      Cash Fund ..... 5-10%</p> <p><b>Rate of Return</b>                      Current month ..... (1.1)%                      Year to date ..... (3.7)%                      Three years ..... (15.0)%</p>	<p><b>S&amp;P 500:</b></p> <p><b>Rate of Return</b>                      Current month ..... (1.5)%                      Year to date ..... (4.1)%                      Three years ..... (14.6)%                      Five years ..... (0.6)%</p>	
<p><b>International Stock Index Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Equity Fund ..... 80-100%                      Cash Fund ..... 0-20%</p> <p><b>Rate of Return</b>                      Current month ..... (2.3)%                      Year to date ..... (6.5)%                      Three years ..... (17.8)%</p>	<p><b>MSCI EAFE:</b></p> <p><b>Rate of Return</b>                      Current month ..... (2.3)%                      Year to date ..... (6.4)%                      Three years ..... (17.2)%</p>	
<p><b>Balanced Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Equity Fund ..... 55-60%                      Fixed Income Fund ..... 35-40%                      Cash Fund ..... 0-10%</p> <p><b>Rate of Return</b>                      Current month ..... (0.2)%                      Year to date ..... (1.1)%                      Five years ..... 3.4%</p>	<p><b>Blended Balanced Index:</b></p> <p><b>Rate of Return</b>                      Current month ..... (1.2)%                      Year to date ..... (1.7)%                      Five years ..... 3.3%</p>	
<p><b>Bond Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Fixed Income Fund ..... 95-100%                      Cash Fund ..... 0-5%</p> <p><b>Rate of Return</b>                      Current month ..... 1.6%                      Year to date ..... 2.2%                      Five years ..... 6.7%</p>	<p><b>Lehman Bros Gov/Credit:</b></p> <p><b>Rate of Return</b>                      Current month ..... 1.8%                      Year to date ..... 1.8%                      Five years ..... 7.6%</p>	<p><b>Lehman Bros Gov/Credit (Int.):</b></p> <p><b>Rate of Return</b>                      Current month ..... 1.4%                      Year to date ..... 1.4%                      Five years ..... 7.5%</p>
<p><b>Bond Fund Core:</b></p> <p><b>Current Asset Allocation Range</b>                      Fixed Income Fund ..... 95-100%                      Cash Fund ..... 0-5%</p> <p><b>Rate of Return</b>                      Current month ..... 1.7%                      Year to date ..... 2.2%                      Five years ..... 6.9%</p>	<p><b>3-Month T-Bill:</b></p> <p><b>Rate of Return</b>                      Current month ..... 0.1%                      Year to date ..... 0.2%                      Five years ..... 4.1%</p>	
<p><b>Short Term Fund:</b></p> <p><b>Current Asset Allocation Range</b>                      Short Term Fund ..... 100%</p> <p><b>Rate of Return</b>                      Current month ..... 0.2%                      Year to date ..... 0.3%                      Five years ..... 5.3%</p>		

Returns for periods longer than one year are annualized.