



Investment Perspective

FROM THE BRETHERN FOUNDATION

APRIL 2003

MARKETS AND ECONOMY

The Standard & Poor's 500 Index gained 1.0 percent in March, reducing its year-to-date loss to 3.2 percent. The MSCI Europe/Australia/Far East Index lost 2.0 percent in March; the index is down 8.2 percent since January 1. The Lehman Brothers Government/Credit Index declined by a slight 0.1 percent, which brings its performance for the three months to a gain of 1.7 percent.

War dominated the news in March and captured the attention of the markets as soon as the fighting began. Daily market reports closely tracked the news from Iraq: progress propelled the markets forward; delays in the battle plan dragged the markets down. Domestically, manufacturing activity slipped in March, following four months of expansion, while the overall economy appeared to be growing at a slow rate. February's jump in the Consumer Price Index, coming during wartime, raises once more the specter of inflation, a dark cloud on the economy's horizon.

YOUR TRANSACTIONS: HOW DOES BRETHERN FOUNDATION PROCESS THEM?

Accuracy and **speed** are Brethren Foundation's primary goals when processing client transactions. Requests for deposits, withdrawals, and transfers arrive by mail and fax on a daily basis. Each request is immediately reviewed for completeness. If there are any questions, a staff member contacts the client right away. Staff members also call to confirm receipt of funds for each deposit.

Within one business day, BFI prepares instructions for each transaction and forwards them to its custodian for execution. Deposits generally require only one or two days to process. Transfers and withdrawals, which may require investment managers to sell securities, can take up to three business days. While the custodian processes transactions, BFI updates its records.

As soon as funds are available for distribution, BFI prepares checks or electronic deposits and forwards them to the client. A final comparison between BFI's records and the custodian's record of transactions ensures that transactions were processed accurately.

BRETHERN FOUNDATION HIGHLIGHTS

- During March, Brethren Foundation made the first deposits to its Community Investment Fund. The fund, which is available to all asset management clients, offers a below-market return while directly supporting development-related loans in financially disadvantaged areas. Call 888-311-6530 for more information.

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.

“War dominated the news in March and captured the attention of the markets as soon as the fighting began.”



Monthly Fund Performance Report

for the period ending March 31, 2003

Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS	BENCHMARKS													
<p>Domestic Stock Fund:</p> <p>Current Asset Allocation Range Equity Fund 90-95% Cash Fund 5-10%</p> <p>Rate of Return Current month 1.1% Year to date (2.2)% Five years (0.1)%</p>	<p>CPI:</p> <p>Rate of Return Current month 0.8% Year to date 1.2% Five years 2.3%</p>	<table border="1"> <caption>Domestic Stock Fund vs S&P 500</caption> <thead> <tr> <th>Period</th> <th>Domestic Fund</th> <th>S&P 500</th> </tr> </thead> <tbody> <tr> <td>Month</td> <td>1.1%</td> <td>0.8%</td> </tr> <tr> <td>YTD</td> <td>(2.2)%</td> <td>1.2%</td> </tr> <tr> <td>5-year</td> <td>(0.1)%</td> <td>2.3%</td> </tr> </tbody> </table>	Period	Domestic Fund	S&P 500	Month	1.1%	0.8%	YTD	(2.2)%	1.2%	5-year	(0.1)%	2.3%
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<p>Domestic Stock Index Fund:</p> <p>Current Asset Allocation Range Equity Fund 90-95%</p> <p>Rate of Return Current month 1.2% Year to date (2.5)% Three years (15.0)%</p>	<p>S&P 500:</p> <p>Rate of Return Current month 1.0% Year to date (3.2)% Three years (9.0)% Five years (0.6)%</p>	<table border="1"> <caption>Domestic Stock Index Fund vs S&P 500</caption> <thead> <tr> <th>Period</th> <th>Domestic Index Fund</th> <th>S&P 500</th> </tr> </thead> <tbody> <tr> <td>Month</td> <td>1.2%</td> <td>1.0%</td> </tr> <tr> <td>YTD</td> <td>(2.5)%</td> <td>(3.2)%</td> </tr> <tr> <td>3-year</td> <td>(15.0)%</td> <td>(9.0)%</td> </tr> </tbody> </table>	Period	Domestic Index Fund	S&P 500	Month	1.2%	1.0%	YTD	(2.5)%	(3.2)%	3-year	(15.0)%	(9.0)%
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<p>International Stock Index Fund:</p> <p>Current Asset Allocation Range Equity Fund 80-100% Cash Fund 0-20%</p> <p>Rate of Return Current month (1.7)% Year to date (8.1)% Three years (17.8)%</p>	<p>MSCI EAFE:</p> <p>Rate of Return Current month (2.0)% Year to date (8.2)% Three years (17.2)%</p>	<table border="1"> <caption>International Stock Index Fund vs MSCI EAFE</caption> <thead> <tr> <th>Period</th> <th>International Fund</th> <th>MSCI EAFE</th> </tr> </thead> <tbody> <tr> <td>Month</td> <td>(1.7)%</td> <td>(2.0)%</td> </tr> <tr> <td>YTD</td> <td>(8.1)%</td> <td>(8.2)%</td> </tr> <tr> <td>3-year</td> <td>(17.8)%</td> <td>(17.2)%</td> </tr> </tbody> </table>	Period	International Fund	MSCI EAFE	Month	(1.7)%	(2.0)%	YTD	(8.1)%	(8.2)%	3-year	(17.8)%	(17.2)%
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<p>Balanced Fund:</p> <p>Current Asset Allocation Range Equity Fund 55-60% Fixed Income Fund 35-40% Cash Fund 0-10%</p> <p>Rate of Return Current month 0.6% Year to date (0.5)% Five years 3.4%</p>	<p>Blended Balanced Index:</p> <p>Rate of Return Current month 0.5% Year to date (1.2)% Five years 2.6%</p>	<table border="1"> <caption>Balanced Fund vs Blended Index</caption> <thead> <tr> <th>Period</th> <th>Balanced Fund</th> <th>Blended Index</th> </tr> </thead> <tbody> <tr> <td>Month</td> <td>0.6%</td> <td>0.5%</td> </tr> <tr> <td>YTD</td> <td>(0.5)%</td> <td>(1.2)%</td> </tr> <tr> <td>5-year</td> <td>3.4%</td> <td>2.6%</td> </tr> </tbody> </table>	Period	Balanced Fund	Blended Index	Month	0.6%	0.5%	YTD	(0.5)%	(1.2)%	5-year	3.4%	2.6%
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<p>Short Term Fund:</p> <p>Current Asset Allocation Range Short Term Fund 100%</p> <p>Rate of Return Current month 0.1% Year to date 0.4% Five years 5.3%</p>	<p>3-Month T-Bill:</p> <p>Rate of Return Current month 0.1% Year to date 0.3% Five years 4.3%</p>	<table border="1"> <caption>Short Term Fund vs 3-Month T-Bill</caption> <thead> <tr> <th>Period</th> <th>Short Term Fund</th> <th>3-mo T-Bill</th> </tr> </thead> <tbody> <tr> <td>Month</td> <td>0.1%</td> <td>0.1%</td> </tr> <tr> <td>YTD</td> <td>0.4%</td> <td>0.3%</td> </tr> <tr> <td>5-year</td> <td>5.3%</td> <td>4.3%</td> </tr> </tbody> </table>	Period	Short Term Fund	3-mo T-Bill	Month	0.1%	0.1%	YTD	0.4%	0.3%	5-year	5.3%	4.3%
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Returns for periods longer than one year are annualized.