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# Investment Perspective

FROM THE BRETHERN FOUNDATION

OCTOBER 2003

## MARKETS AND ECONOMY

Despite a 1.1 percent slide in September, the Standard & Poor's 500 Index is still up 14.7 percent for the year. The MSCI Europe/Australia/Far East Index gained another 3.1 percent in September; the index is up 18.4 percent since year-end. The Lehman Brothers Government/Credit Index jumped up 3.2 percent for the month and has gained 4.7 percent so far this year.

"Soft" is the most appropriate descriptor for September's economic numbers. The Conference Board's Consumer Confidence Index dropped almost 5 full points in September after a sharp gain in August. The Institute of Supply Management's report for September showed manufacturing activity growing, but at a slower rate than in August. ISM's employment index was down in September even more so than in August. Energy prices added another layer of uncertainty to planning efforts.

U.S. equity markets lost ground in September, even before reports on the month began to accumulate, although results for the third quarter were generally positive. If employment continues its slide, many analysts fear that consumer spending, which still drives the U.S. economy, will shrink. Rising energy prices will further suppress business' outlook on the future

## CAPITAL FUND CAMPAIGNS: AN OVERVIEW

Church agencies considering or planning for a capital campaign should pay attention to a few basic rules:

- 1) Identify a clear, tangible goal. Refurbish the existing building, construct a new facility, or build an endowment fund. Whatever the goal is, it must be described clearly and consistently. This should include a clear financial goal.
- 2) Plan and schedule the solicitation. Decide when and how each group of potential donors will be approached. Make certain the solicitations are consistent with each other in terms of goals and descriptions.
- 3) Prepare to invest the receipts until they are needed. When the campaign covers several months, or even years, there must be provisions to put the funds into reasonable investments until it is time to break ground.

Brethren Foundation's Short Term Fund may be just the right vehicle for investing funds raised in a capital campaign. It offers steady growth, with minimum potential for loss of principal. In addition, its flexible withdrawal provision, compared with CDs, gives control to you. Call **888-311-6530** for more information.

## BRETHERN FOUNDATION HIGHLIGHTS

- Brethren Foundation's socially responsible funds continue to perform as well as or better than general market indexes.
- In particular, the Domestic Fund and Bond Fund are ahead of their benchmarks by 1.8 percent and 1.2 percent for the year to date.

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).

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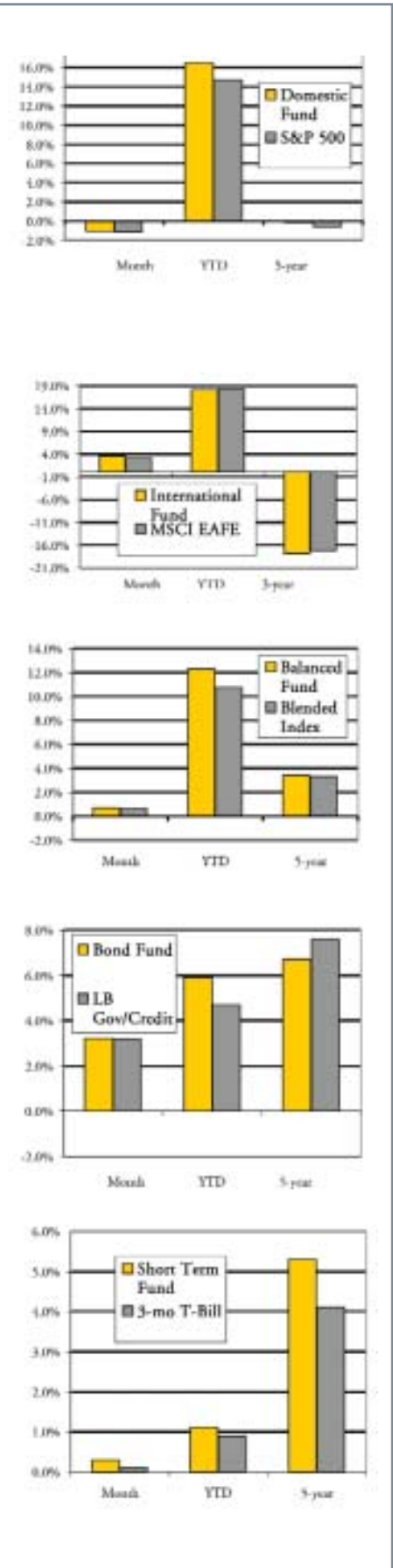
# Monthly Fund Performance Report

for the period ending September 30, 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 ..... (1.0)%                      Year to date ..... 16.5%                      Five years ..... (0.1)%</p>	<p><b>CPI:</b></p> <p><b>Rate of Return</b>                      Current month ..... 0.4%                      Year to date ..... 2.1%                      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 ..... 0-20%</p> <p><b>Rate of Return</b>                      Current month ..... (1.1)%                      Year to date ..... 14.9%                      Three years ..... (15.0)%</p>	<p><b>S&amp;P 500:</b></p> <p><b>Rate of Return</b>                      Current month ..... (1.1)%                      Year to date ..... 14.7%                      Three years ..... (9.0)%                      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 ..... 3.6%                      Year to date ..... 18.1%                      Three years ..... (17.8)%</p>	<p><b>MSCI EAFE:</b></p> <p><b>Rate of Return</b>                      Current month ..... 3.1%                      Year to date ..... 18.4%                      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 ..... 0.7%                      Year to date ..... 12.3%                      Five years ..... 3.4%</p>	<p><b>Blended Balanced Index:</b></p> <p><b>Rate of Return</b>                      Current month ..... 0.6%                      Year to date ..... 10.7%                      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 ..... 3.2%                      Year to date ..... 5.9%                      Five years ..... 6.7%</p>	<p><b>Lehman Bros Gov/Credit:</b></p> <p><b>Rate of Return</b>                      Current month ..... 3.2%                      Year to date ..... 4.7%                      Five years ..... 7.6%</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 ..... 3.1%                      Year to date ..... 5.2%                      Five years ..... 6.9%</p>	<p><b>Lehman Bros Gov/Credit (Int.):</b></p> <p><b>Rate of Return</b>                      Current month ..... 2.5%                      Year to date ..... 4.3%                      Five years ..... 7.5%</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 ..... 0.3%                      Year to date ..... 1.1%                      Five years ..... 5.3%</p>	<p><b>3-Month T-Bill:</b></p> <p><b>Rate of Return</b>                      Current month ..... 0.1%                      Year to date ..... 0.9%                      Five years ..... 4.1%</p>



Returns for periods longer than one year are annualized.