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# Investment Perspective

FROM THE BRETHERN FOUNDATION

MARCH 2004

## MARKETS AND ECONOMY

The Standard & Poor's 500 Index gained 1.4 percent in February; it is up 3.3 percent for the first two months of the year. The MSCI Europe/Australia/Far East Index picked up 2.3 percent in February and is now up 3.8 percent year to date. With a February gain of 1.2 percent, the Lehman Brothers Government/Credit Index is up 2.1 percent for two months.

While worldwide equities continue a pattern of slow growth, bond markets are in a holding pattern amid widespread concern that interest rates will take a sudden leap upward later in the year. Both corporate and government bonds are languishing, as investors are reluctant to take new positions. Stock mutual funds experienced a significant inflow of cash during February.

Although the U.S. economy continues to experience steady growth, it does not appear capable of adding jobs at this stage. Despite government predictions of jobs growth in the 200,000 per month range, February produced only about 21,000 new jobs and results for the previous two months were revised downward. Manufacturing activity grew again in February, but not by enough to offset worries from the ongoing weakness in employment.

## HOW CAN DEFERRED GIFTS SUPPORT YOUR MISSION?

When current programming takes up every available penny in your organization's annual budget, the thought of using deferred gifts might initially seem to be counterproductive. After all, why would an organization encourage donors to commit funds to a gift that will pay off after years, or even decades?

The answer lies in the donor's ability under some gift instruments to make an irrevocable gift to one or more charitable organizations while retaining the right to receive earnings from the assets for some period. This means the donor has income, while the charitable organization stands to receive a substantial gift down the road.

Any deferred charitable gift requires careful planning and evaluation to be sure it is consistent with the donor's needs and preferences. Next month's article will provide brief descriptions of some common deferred gift instruments. Brethren Foundation staff members can discuss these gifts with you.

## BRETHERN FOUNDATION HIGHLIGHTS

- Over the last twelve months, Brethren Foundation's Domestic Stock Fund has outperformed the Standard and Poor's 500 Index by 3 percent.
- The Foundation's value equity portfolio, part of the Domestic Stock Fund, has gained 8.8 percent this year: more than 5 percent 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).

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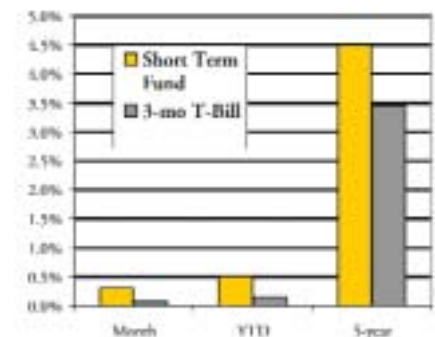
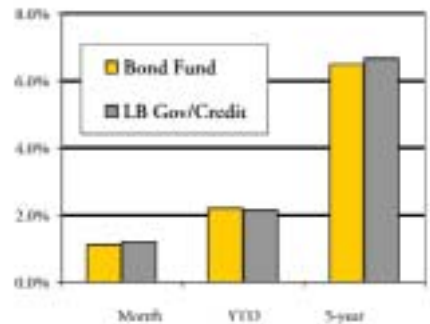
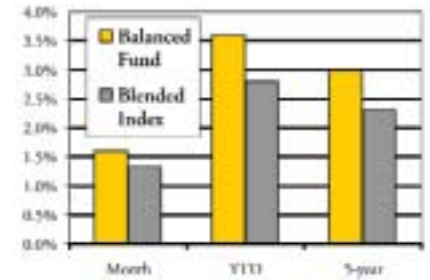
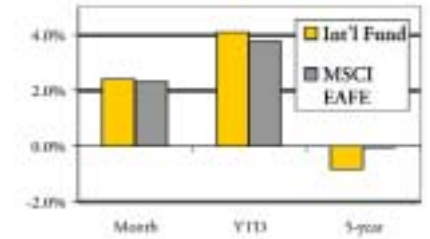
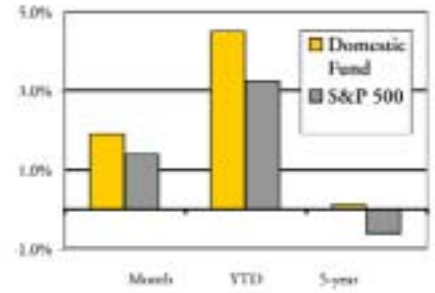
# Monthly Fund Performance Report

for the period ending February 29, 2004

# Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS	BENCHMARKS
<b>Domestic Stock Fund:</b> <b>Rate of Return</b> Current month ..... 1.9% Year to date ..... 4.5% Five years ..... 0.1%	<b>CPI:</b> <b>Rate of Return</b> Current month ..... 0.5% Year to date ..... 0.5% Five years ..... 2.3%
<b>Domestic Stock Index Fund:</b> <b>Rate of Return</b> Current month ..... 1.4% Year to date ..... 2.9% Five years ..... (1.4)%	<b>S&amp;P 500:</b> <b>Rate of Return</b> Current month ..... 1.4% Year to date ..... 3.3% Five years ..... (0.6)%
<b>Small Cap Fund:</b> <b>Rate of Return</b> Current month ..... 2.1% Year to date ..... 3.5%	<b>Russell 2000:</b> <b>Rate of Return</b> Current month ..... 0.9% Year to date ..... 5.3%
<b>International Stock Index Fund:</b> <b>Rate of Return</b> Current month ..... 2.4% Year to date ..... 4.1% Five years ..... (0.8)%	<b>MSCI EAFE:</b> <b>Rate of Return</b> Current month ..... 2.3% Year to date ..... 3.8% Five years ..... 0.0%
<b>Balanced Fund:</b> <b>Rate of Return</b> Current month ..... 1.6% Year to date ..... 3.6% Five years ..... 3.0%	<b>Blended Balanced Index:</b> <b>Rate of Return</b> Current month ..... 1.3% Year to date ..... 2.8% Five years ..... 2.3%
<b>Bond Fund:</b> <b>Rate of Return</b> Current month ..... 1.1% Year to date ..... 2.2% Five years ..... 6.5%	<b>Lehman Bros Gov/Credit:</b> <b>Rate of Return</b> Current month ..... 1.2% Year to date ..... 2.1% Five years ..... 6.7%
<b>Bond Fund Core:</b> <b>Rate of Return</b> Current month ..... 1.1% Year to date ..... 2.1% Five years ..... 6.6%	<b>Lehman Bros Gov/Credit (Int.):</b> <b>Rate of Return</b> Current month ..... 1.0% Year to date ..... 1.7% Five years ..... 6.7%
<b>Short Term Fund:</b> <b>Rate of Return</b> Current month ..... 0.3% Year to date ..... 0.5% Five years ..... 4.5%	<b>3-Month T-Bill:</b> <b>Rate of Return</b> Current month ..... 0.1% Year to date ..... 0.2% Five years ..... 3.5%
<b>Community Development Investment Fund:</b> <b>Rate of Return</b> Current month ..... 0.0%* Year to date ..... 0.0%* *Interest accrues on a quarterly basis.	



Returns for periods longer than one year are annualized.