



Investment Perspective

FROM THE BRETHERN FOUNDATION

APRIL 2004

MARKETS AND ECONOMY

The Standard & Poor's 500 Index gave up 1.5 percent in March, reducing its year-to-date return to 1.7 percent. The MSCI Europe/Australia/Far East Index picked up 0.6 percent for the month; it has gained 4.3 percent since year-end. The Lehman Brothers Government/Credit Index gained 0.9 percent in March; for the first quarter, it outpaced stocks, gaining 3.1 percent.

Stocks retreated in the face of growing uncertainty over the future course of the U.S. occupation of Iraq and the broader efforts against terrorism. Bond prices remained strong in March, which may reflect a defensive approach by many investors. Yields dropped as bond prices improved.

Employment growth in March finally showed some strength, months after the U.S. economy began to improve. The March increase was significantly higher than consensus expectations. Manufacturing activity continued to grow in March, with prices beginning to rise in some areas. A weak dollar and unrelieved fears of a future jump in interest rates exerted negative pressure on the economy.

COMMON DEFERRED GIVING INSTRUMENTS

Charitable Gift Annuity: One of the most popular forms of deferred giving, the gift annuity provides a constant level of income to the donor, an immediate charitable deduction, and may reduce capital gains taxes on contributions of appreciated property or securities.

Charitable Trust: Usually used for larger gifts, the trust requires legal advice because the trust is a separate legal entity. Once again the donor receives a charitable deduction and possible reductions in capital gains taxes. Income may vary from year to year depending on investment results.

Charitable Gift Fund: One of the most flexible forms of giving, the Charitable Gift Fund allows a donor to make one or many contributions. Distributions to charities can be made after several years, over a period of years, or all at once. It offers an immediate charitable deduction for up to the full market value of the assets contributed; the donor retains only the right to make recommendations on distributions.

Bequest: For some donors, including charities in their will is the most effective method. Since a will can be changed at any time by the donor, it allows the donor to reflect changing circumstances and needs. The donor retains control over the assets until death.

BRETHERN FOUNDATION HIGHLIGHTS

- Brethren Foundation's Domestic Stock Fund has outperformed the Standard and Poor's 500 Index by more than 2 percent so far in 2004.
- The Foundation's Short Term Fund continues to outperform the 3-month Treasury Bill; it is currently ahead by 0.5 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.

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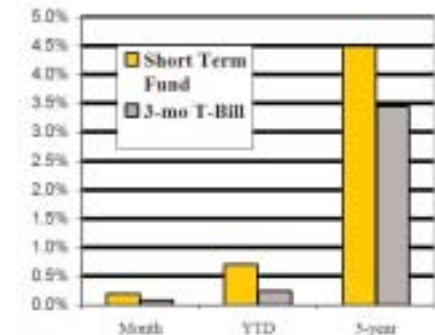
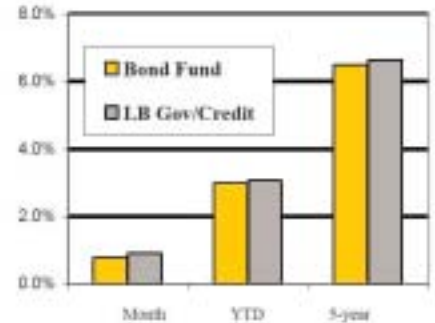
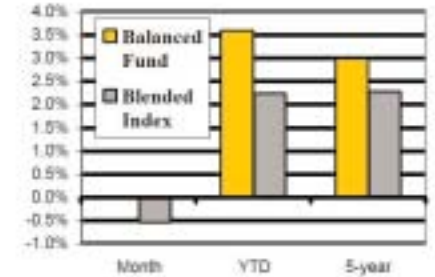
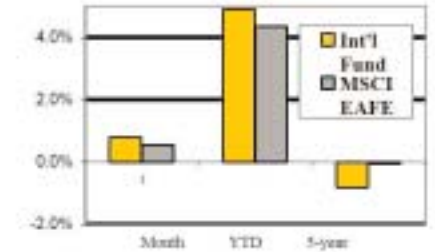
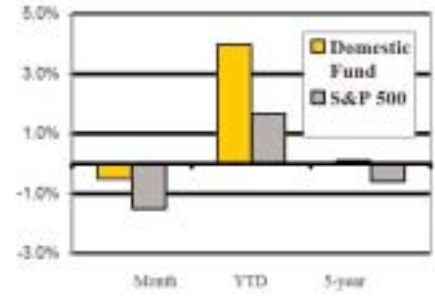
Monthly Fund Performance Report

for the period ending March 31, 2004

Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS	BENCHMARKS
Domestic Stock Fund: Rate of Return Current month (0.5)% Year to date 4.0% Five years 0.1%	CPI: Rate of Return Current month 0.5% Year to date 1.0% Five years 2.3%
Domestic Stock Index Fund: Rate of Return Current month (1.2)% Year to date 1.6% Five years (1.4)%	S&P 500: Rate of Return Current month (1.5)% Year to date 1.7% Five years (0.6)%
Small Cap Fund: Rate of Return Current month 1.2% Year to date 4.7%	Russell 2000: Rate of Return Current month 0.9% Year to date 6.3%
International Stock Index Fund: Rate of Return Current month 0.8% Year to date 4.9% Five years (0.8)%	MSCI EAFE: Rate of Return Current month 0.6% Year to date 4.3% Five years 0.0%
Balanced Fund: Rate of Return Current month 0.0% Year to date 3.6% Five years 3.0%	Blended Balanced Index: Rate of Return Current month (0.5)% Year to date 2.3% Five years 2.3%
Bond Fund: Rate of Return Current month 0.8% Year to date 3.0% Five years 6.5%	Lehman Bros Gov/Credit: Rate of Return Current month 0.9% Year to date 3.1% Five years 6.7%
Bond Fund Core: Rate of Return Current month 0.8% Year to date 2.9% Five years 6.6%	Lehman Bros Gov/Credit (Int.): Rate of Return Current month 0.8% Year to date 2.5% Five years 6.7%
Short Term Fund: Rate of Return Current month 0.2% Year to date 0.7% Five years 4.5%	3-Month T-Bill: Rate of Return Current month 0.1% Year to date 0.2% Five years 3.5%
Community Development Investment Fund: Rate of Return Current month 0.5%* Year to date 0.5%* *Interest accrues on a quarterly basis.	



Returns for periods longer than one year are annualized.