



Investment Perspective

FROM THE BRETHERN FOUNDATION

FEBRUARY 2006

MARKETS AND ECONOMY

The stock markets got off to a strong start in January, both internationally and domestically. Almost every country in the MSCI Europe/Australia/Far East Index index posted healthy gains in January, as did the U.S. markets. Earnings reports generally met or exceeded expectations while employment grew somewhat. Google proved to be an exception to this pattern as its significant growth fell slightly below expectations and caused a significant drop in its stock price. Bond markets were steady to slightly down as investors waited to see whether the economy's growth would increase the risk of inflation.

Manufacturing activity, and several of its subcategories, grew in January, but at a slower pace than in December. Some analysts expressed hope that January's growth rate would prove high enough for a continuing expansion without causing new inflation fears at the Federal Reserve. Absent renewed inflationary pressure, the Fed is widely expected to be near the end of its extended string of interest rate increases. U.S.-based automakers saw a modest uptick in sales, but this was primarily due to less-profitable fleet sales and reinforced questions about prospects for several of these major U.S. companies.

The Standard & Poor's 500 Index started the year with a 2.7 percent gain, almost equal to its performance for all of 2005. The MSCI/EAFE surged 6.1 percent in January on strong performance almost across the board. The Lehman Brothers Government/Credit Index slipped 0.2 percent for the month.

YOUR MONTHLY STATEMENT – PERFORMANCE

The two columns called "Interest & Dividends" and "Market Value Fluctuation" on your monthly account statement show you the components of what we broadly call "returns."

Since Brethren Foundation's investment funds are commingled, no individual client actually owns a specific security. Rather, each client owns a proportional interest in each security in the fund. The amount of gain or loss on your statement reflects your proportional interest in payments received and the market value changes for the month.

The amount of interest and dividends is fairly straightforward. This is simply the amount of dividends declared for the period on stocks owned by the fund and/or the amount of any interest payments due on the bonds held. The Domestic Stock Fund will have only dividends while the Bond Fund will have only interest. The Balanced Fund has a mixture of the two.

The Market Value Fluctuation amount actually reflects two different, but related, kinds of "gains." First, it includes the actual gain or loss on any securities sold during the period. These realized gains are based on the total change in market value from the time of purchase through the sale date. Second, it takes into account the unrealized gains and losses on those securities still held at the end of the period. Although market values change whenever the securities markets are open, Brethren Foundation funds are valued on a monthly basis to keep your monthly fees as low as possible. The unrealized gain or loss, therefore, accumulates all the ups and downs for the previous month.

Together, these two columns on your statement show you what your investment has earned.

A Brethren Foundation representative can talk with you about the appropriate allocation of your organization's funds. Contact us to begin such a discussion.

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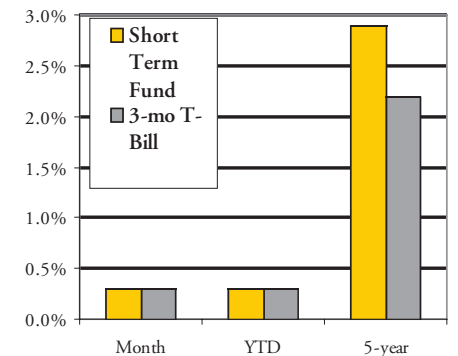
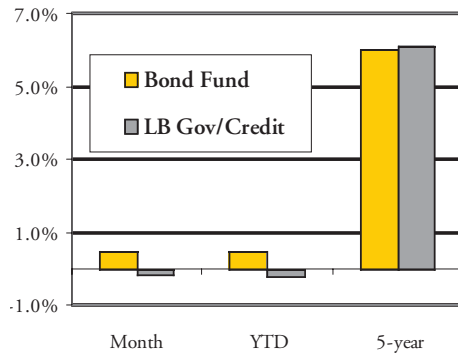
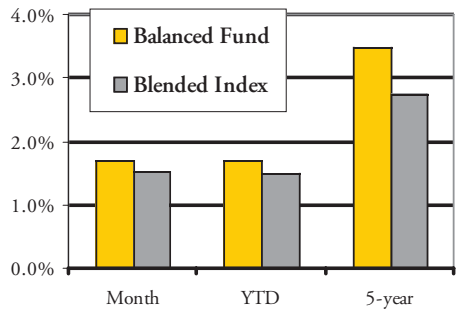
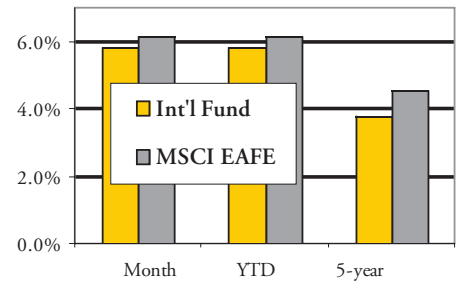
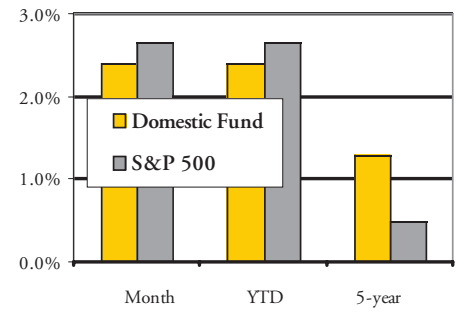
Monthly Fund Performance Report

for the period ending January 31, 2006

Performance Report

All Foundation investment funds must meet socially responsible investment guidelines.

FUNDS	BENCHMARKS
Domestic Stock Fund: Rate of Return Current month..... 2.4% Year to date 2.4% Five years 1.3%	S&P 500: Rate of Return Current month..... 2.7% Year to date 2.7% Five years 0.5%
Domestic Stock Index Fund: Rate of Return Current month..... 3.0% Year to date 3.0% Five years 0.0%	CPI: Rate of Return Current month (0.4)% Year to date 3.4% Five years 2.5%
Small Cap Fund: Rate of Return Current month..... 5.3% Year to date 5.3%	Russell 2000: Rate of Return Current month..... 9.0% Year to date 9.0%
International Stock Index Fund: Rate of Return Current month..... 5.8% Year to date 5.8% Five years 3.8%	MSCI EAFE: Rate of Return Current month..... 6.1% Year to date 6.1% Five years 4.6%
Balanced Fund: Rate of Return Current month..... 1.7% Year to date 1.7% Five years 3.5%	Blended Balanced Index: Rate of Return Current month..... 1.5% Year to date 1.5% Five years 2.7%
Bond Fund: Rate of Return Current month..... 0.5% Year to date 0.5% Five years 6.0%	Lehman Bros Gov/Credit: Rate of Return Current month (0.2)% Year to date (0.2)% Five years 6.1%
Bond Fund Core: Rate of Return Current month..... 0.4% Year to date 0.4% Five years 6.1%	Lehman Bros Gov/Credit Intern.: Rate of Return Current month..... 0.0% Year to date 0.0% Five years 5.5%
Short Term Fund: Rate of Return Current month 0.3% Year to date 0.3% Five years 2.9%	3 Month T Bill: Rate of Return Current month 0.3% Year to date 0.3% Five years 2.2%
Community Development Investment Fund: Rate of Return Current month 0.0%* Year to date..... 0.0%* *Interest accrues on a quarterly basis.	



Returns for periods longer than one year are annualized.