



# Investment Perspective

FROM THE BRETHERN FOUNDATION

NOVEMBER 2006

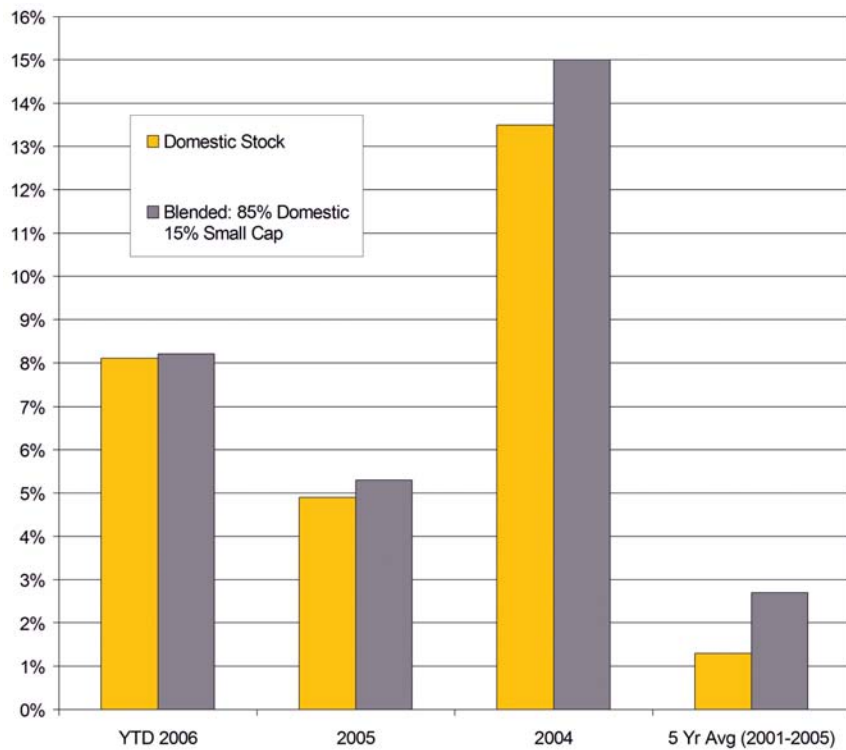
## MARKETS AND THE ECONOMY

Growth in the markets eased as October ended, but the tapering off at the end of the month did not eliminate strong gains for the month. The S&P 500 was up 3.3 percent, just off its mid-month record high, taking this domestic index's year-to-date gain to 12.1 percent. The MSCI EAFE Index of European, Asian, and Australian stocks gained 3.9 percent during the month, taking this international index's year-to-date return to 18.9 percent. Part of the reason for the bullish behavior by these markets was the belief that the economy may be headed into a "Goldilocks" scenario (the little bear's porridge was not too warm nor not too cold but tasted just right), where inflation is not too high, economic growth is not too low, and the economy is able to sustain profits and growth. Stocks and the economy were also helped in October by falling oil and gasoline prices and an easing of domestic fears of a housing-related consumption decline.

## BFI CAN HELP WITH YOUR EQUITY DIVERSIFICATION

Last month's article showed how Foundation clients can diversify their equity portfolios by blending a small portion of the International Fund with the Domestic Stock Fund. This month's graph examines the benefit of blending a small portion of the Small Cap Fund with the Domestic Stock Fund.

Part of the reason for the bullish behavior by these markets was the belief that the economy may be headed into a "Goldilocks" scenario.



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

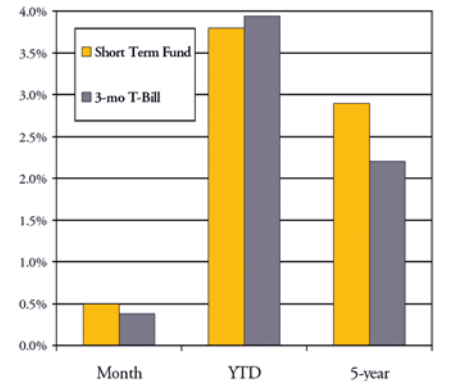
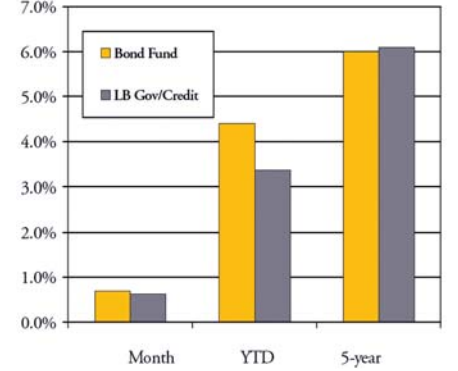
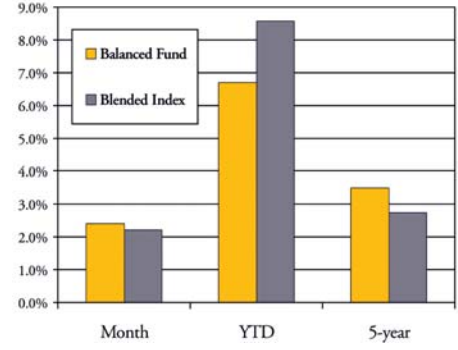
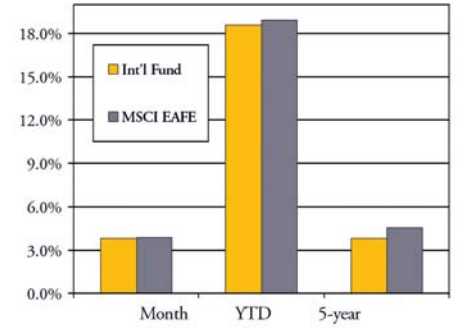
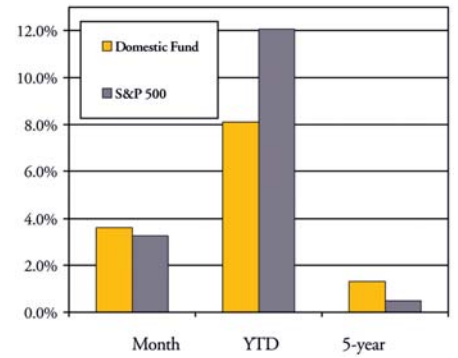
# Monthly Fund Performance Report

for the period ending October 31, 2006

# 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 ..... 3.6% Year to date ..... 8.1% Five years ..... 1.3%	<b>S&amp;P 500:</b> <b>Rate of Return</b> Current month ..... 3.3% Year to date ..... 12.1% Five years ..... 0.5%
<b>Domestic Stock Core Fund:</b> <b>Rate of Return</b> Current month ..... 3.5% Year to date ..... 9.9% Five years ..... 0.0%	<b>CPI:</b> <b>Rate of Return</b> Current month ..... (0.5)% Year to date ..... 3.1% Five years ..... 2.5%
<b>Small Cap Fund:</b> <b>Rate of Return</b> Current month ..... 4.0% Year to date ..... 15.0%	<b>Russell 2000:</b> <b>Rate of Return</b> Current month ..... 5.8% Year to date ..... 14.9%
<b>International Stock Index Fund:</b> <b>Rate of Return</b> Current month ..... 3.8% Year to date ..... 18.6% Five years ..... 3.8%	<b>MSCI EAFE:</b> <b>Rate of Return</b> Current month ..... 3.9% Year to date ..... 18.9% Five years ..... 4.6%
<b>Balanced Fund:</b> <b>Rate of Return</b> Current month ..... 2.4% Year to date ..... 6.7% Five years ..... 3.5%	<b>Blended Balanced Index:</b> <b>Rate of Return</b> Current month ..... 2.2% Year to date ..... 8.6% Five years ..... 2.7%
<b>Bond Fund:</b> <b>Rate of Return</b> Current month ..... 0.7% Year to date ..... 4.4% Five years ..... 6.0%	<b>Lehman Bros Gov/Credit:</b> <b>Rate of Return</b> Current month ..... 0.6% Year to date ..... 3.4% Five years ..... 6.1%
<b>Bond Fund Core:</b> <b>Rate of Return</b> Current month ..... 0.7% Year to date ..... 4.4% Five years ..... 6.1%	<b>Lehman Bros Gov/Credit Intern.:</b> <b>Rate of Return</b> Current month ..... 0.5% Year to date ..... 3.6% Five years ..... 5.5%
<b>Short Term Fund:</b> <b>Rate of Return</b> Current month ..... 0.5% Year to date ..... 3.8% Five years ..... 2.9%	<b>3-Month T-Bill:</b> <b>Rate of Return</b> Current month ..... 0.4% Year to date ..... 3.9% Five years ..... 2.2%
<b>Community Development Investment Fund:</b> <b>Rate of Return</b> Current month ..... 0.3%* Year to date ..... 2.4%* *Interest accrues on a quarterly basis.	



Returns for periods longer than one year are annualized.