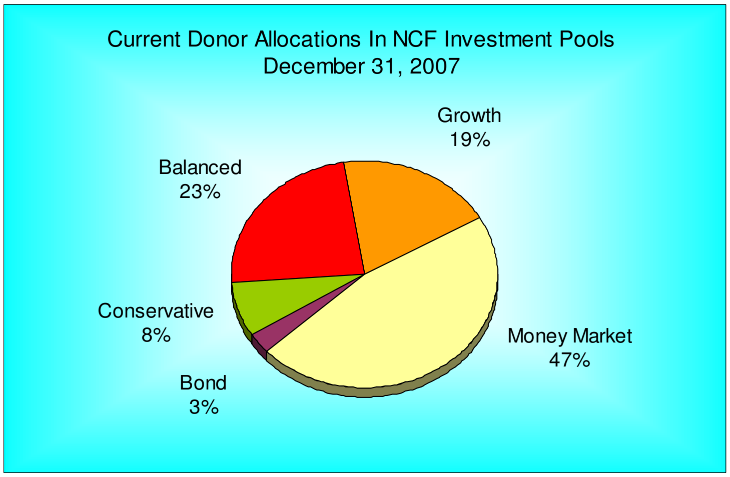
National Christian Foundation

Global Market Summary
For the periods ending December 31, 2007

National Christian Foundation Investment Pools



Global Markets Overview*

The deepening of the credit crisis and growing concerns about U.S. economic growth prospects dominated the fourth quarter of 2007, causing equity prices to drop sharply and driving a flight to quality assets. The S&P 500 Index with dividends fell -3.3% for the quarter, while bonds, represented by the Merrill Lynch Corporate/Government 1-5 Year Index, increased 2.5%. The Dow Jones Industrial Average experienced an official correction in October, falling more than 10% toward the end of the month, ultimately finishing the quarter down -4.5%.

The subprime-related credit problems that roiled markets in August 2007 reemerged in the fourth quarter as several financial companies announced additional write offs in the tens of billions of dollars. The credit markets tightened as banks, uncertain about the worth of underlying securities, restricted their loans to other banks. Corporate interest rates rose. In response, the Federal Reserve continued to cut the Fed Funds Rate, ending the quarter at 4.25%—a full percentage point lower than its 5.25% level in the summer.

Despite the efforts of central banks, however, economic growth prospects declined. In the fourth quarter, consensus estimates for US economic growth (as compiled by Bloomberg) fell from 2.7% to 1.0%. As risks to US consumer spending growth loom (declining house prices, weak job growth), the potential for a recession has risen.

Against this backdrop, investors favored higher quality companies with stable earnings growth—Growth outperformed Value Stocks, and Large Cap stocks outperformed Small/Mid Cap stocks (the Russell 200 was down -4.6% in Q4 and -1.6% for the year.) The strongest sectors in Q4 included Utilities (7.6%), Energy (4.4%) and Consumer Staples (3.8%)—sectors that traditionally outperform during periods of economic weakness. Underperforming sectors had high exposure to US economic troubles, including Financials (-14.3%) and Consumer Discretionary (-10%.) Real Estate Investment Trusts (REITs), as measured by the NAREIT Index, dropped 12.7% in the fourth quarter.

International stocks, boosted by the declining US dollar, as well as continued economic strength outside the US, were some of the best performing assets in US dollar terms, declining -1.8% in the fourth quarter while rising 11.2% for the year. With US growth prospects declining, most currencies appreciated versus the US dollar in the fourth quarter, including the Euro (+2.5%) and the Japanese Yen (+2.6%.)

Fixed Income

The credit crisis, which shook financial markets in the third quarter, deepened and spread in the fourth quarter. Prices on the two-year Treasury note, considered a safe haven, rose sharply, sending yields to three year lows. As a result, the Treasury yield curve steepened dramatically.

The flight to quality also occurred in Corporate Markets. Highest rated AAA and AA US corporate bonds outperformed lower quality A and BBB bonds, as well as the high yield bond market, which posted negative returns (-1.1%) for the quarter.

The credit crisis spread to Enhanced Cash funds and Money Market funds, which were considered conservative and liquid, when the quality of the funds' underlying assets deteriorated. This was especially the case for funds with investments in Structured Investment Vehicles (SIVs) and Asset Backed Securities (ABS)) backed by subprime mortgages. Unable to meet redemption demands from investors, some managers were forced to mark down assets for sale or freeze redemption requests altogether.

*From *AIM Market Focus, Merrill Lynch GPC Investment Management & Guidance*