

# The National Christian Foundation

## Investment Performance Report

For The Periods Ending March 31, 2010

### Executive Summary

This Executive Summary presents the National Christian Foundation's investment pool performance for the periods shown and guides the reader toward more detailed information presented elsewhere in the complete report. The performance numbers in both the chart and the table below are cumulative, net of fees, for each period shown. The complete performance report includes an additional page on each pool and a page describing the pool benchmarks and performance metrics. All such information is available in the "Forms & Reports" section of the NCF's website ([www.nationalchristian.com](http://www.nationalchristian.com)) or through one of our Local Christian Foundation Affiliate websites (find your local Affiliate at [www.national-christian.com/lcf](http://www.national-christian.com/lcf)). In the "Forms and Reports" section, you will also find the quarterly Investment Strategy Report, in which we discuss the overall economy and the ways in which our investment strategies attempt to produce stable, long-term growth across all market environments. In that regard, we periodically highlight any significant changes we are making to the pool allocations.

### Investment Pool Performance

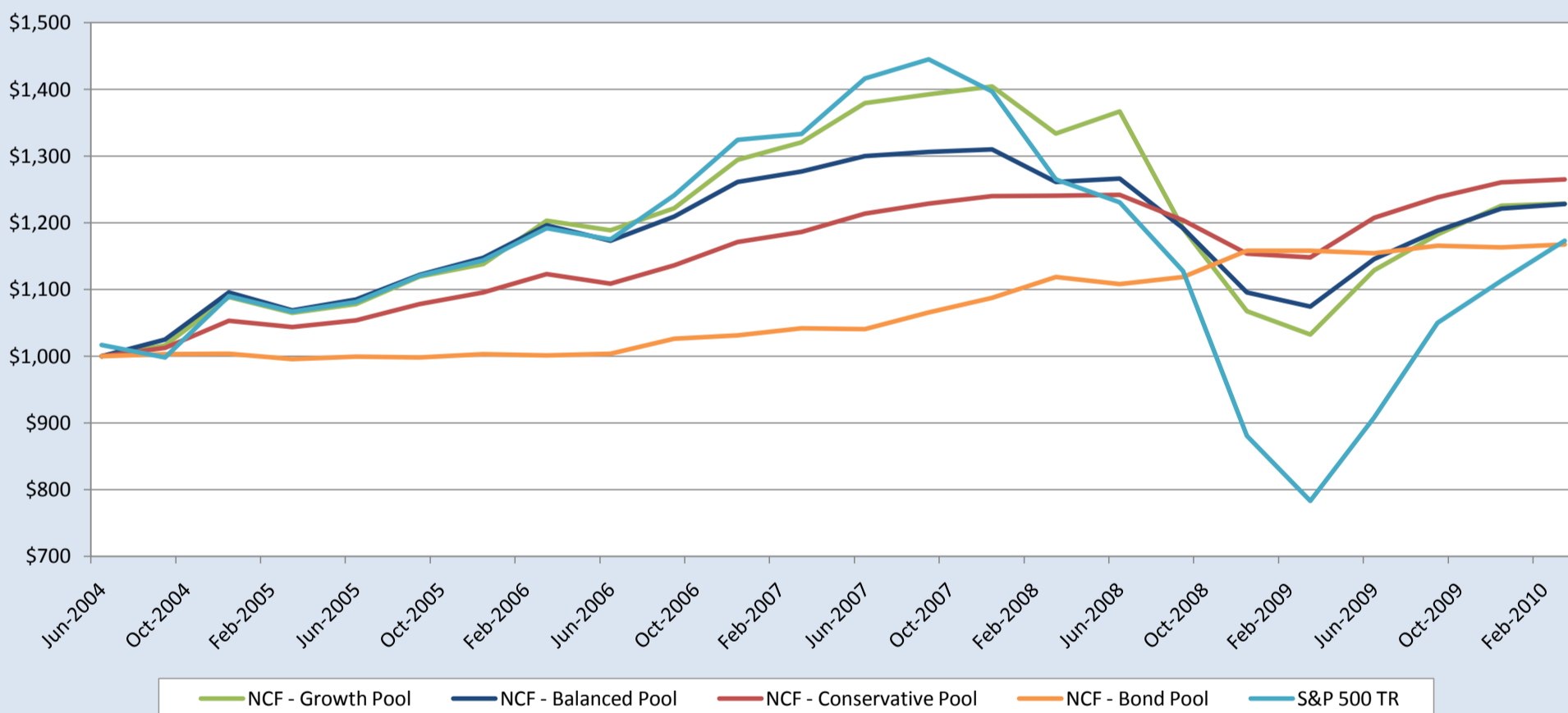
NCF's investment pools all produced positive returns for the trailing 12 months, as the table below details. Furthermore, all three of the NCF Equity Pools have tracked or exceeded the returns of their corresponding benchmarks on an intermediate- and long-term basis. Importantly, the Pools have achieved these results with lower-than-benchmark levels of price volatility and risk.

Since the restructuring of the equity pools in June, 2004, the Growth, Balanced and Conservative Pools have delivered an average net cumulative return of 24.5 percent. That average return exceeds the average of the pool's benchmark returns of 19.5 percent over the identical timeframe by a full 5.0 percentage points – a solid

achievement particularly since the pool performance is net of costs and fees that are not imposed on the index returns.

The Growth, Balanced and Conservative Pools are now broadly diversified across a wide range of asset classes, including alternative investments such as hedge funds, gold and TIPS. Collectively, these alternative investments – in combination with allocations to traditional equity strategies – provide genuine diversification that is designed to deliver steady returns throughout a complete market cycle.

### Growth of \$1,000 - Since Inception\*



### Pool Performance

Cumulative - Net of Fees	Quarter	One Year	Three Years	Five Years	Since Inception
<b>Growth Pool</b>	<b>0.23%</b>	<b>18.97%</b>	<b>-6.98%</b>	<b>15.34%</b>	<b>22.87%</b>
<b>Balanced Pool</b>	<b>0.57%</b>	<b>14.31%</b>	<b>-3.82%</b>	<b>14.95%</b>	<b>22.84%</b>
<b>Conservative Pool</b>	<b>0.31%</b>	<b>10.16%</b>	<b>6.60%</b>	<b>21.21%</b>	<b>26.49%</b>
<b>Bond Pool</b>	<b>0.39%</b>	<b>0.78%</b>	<b>12.03%</b>	<b>17.23%</b>	<b>16.75%</b>

Money Market Rates	Current Rate	Quarter	One Year	Two Years	Three Years
<b>Annualized Numbers</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.73%</b>	<b>1.87%</b>

\*The information on this page covers the period from July 27, 2004 (inception), to March 31, 2010. The investment pool performance reported in the table above is time-weighted and net of all investment management fees and expenses. Actual returns in a donor's fund may vary slightly from reported performance as a result of additions and withdrawals at either the individual account or overall pool level. In addition, NCF typically holds 5% of each donor advised fund in a non-interest bearing cash account for liquidity and distribution purposes. This cash is not reflected in the pool performance numbers. Additional information is available upon request.



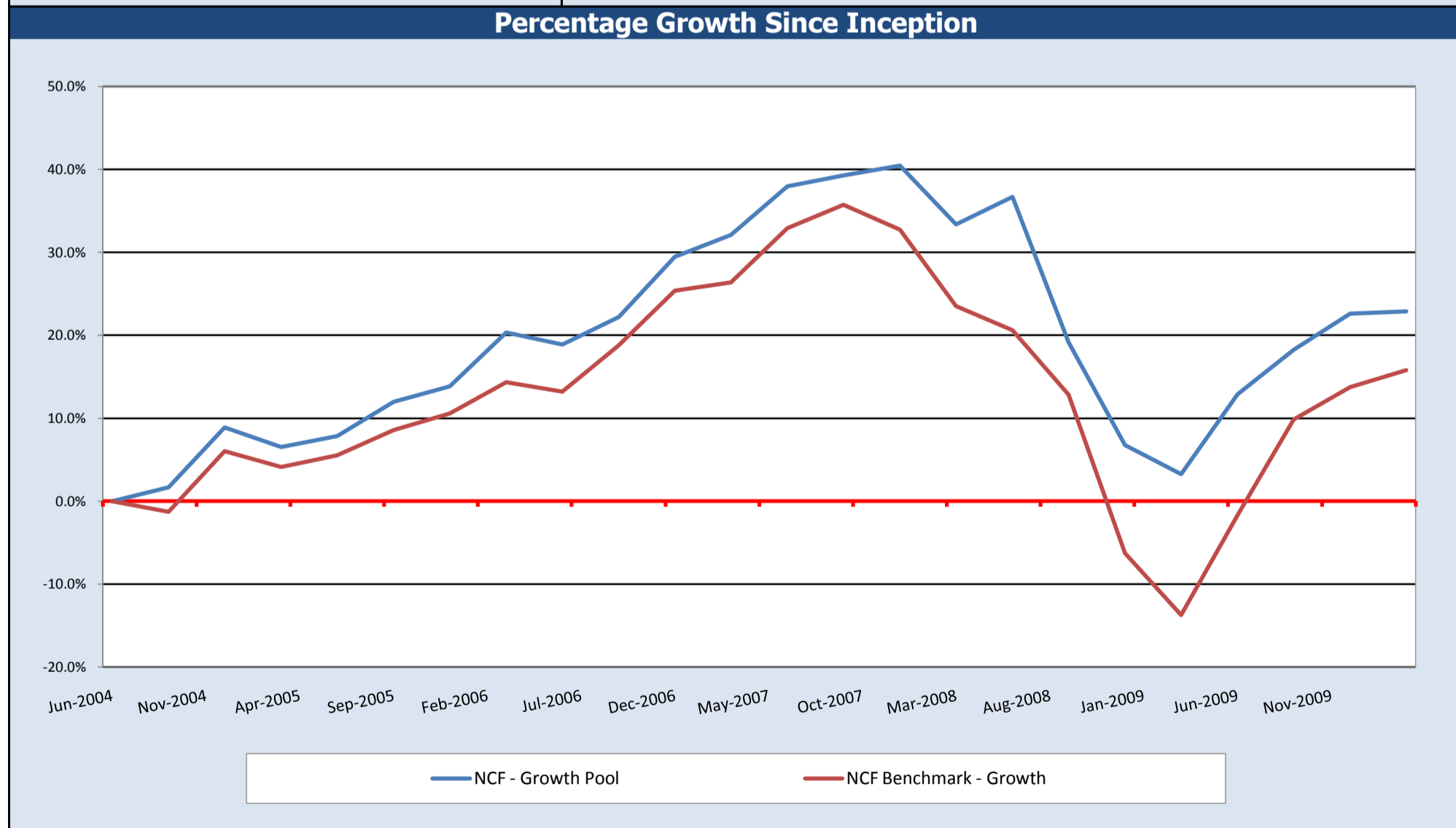
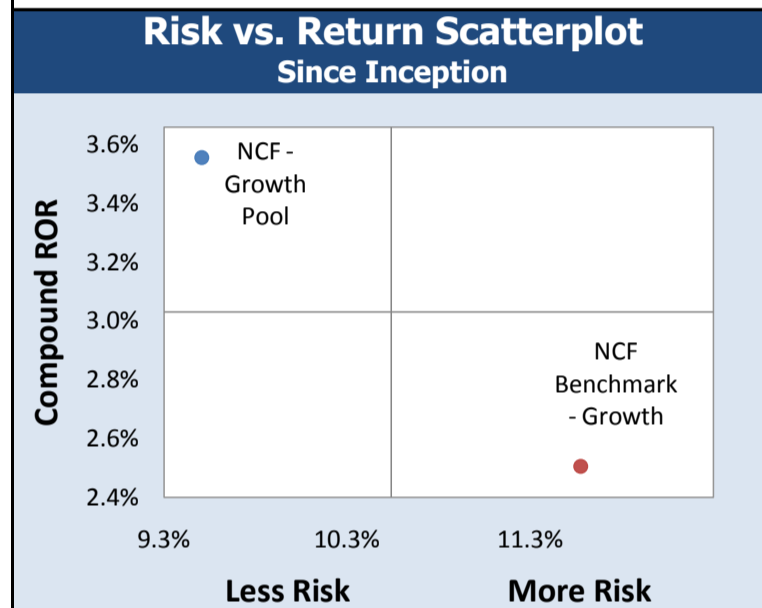
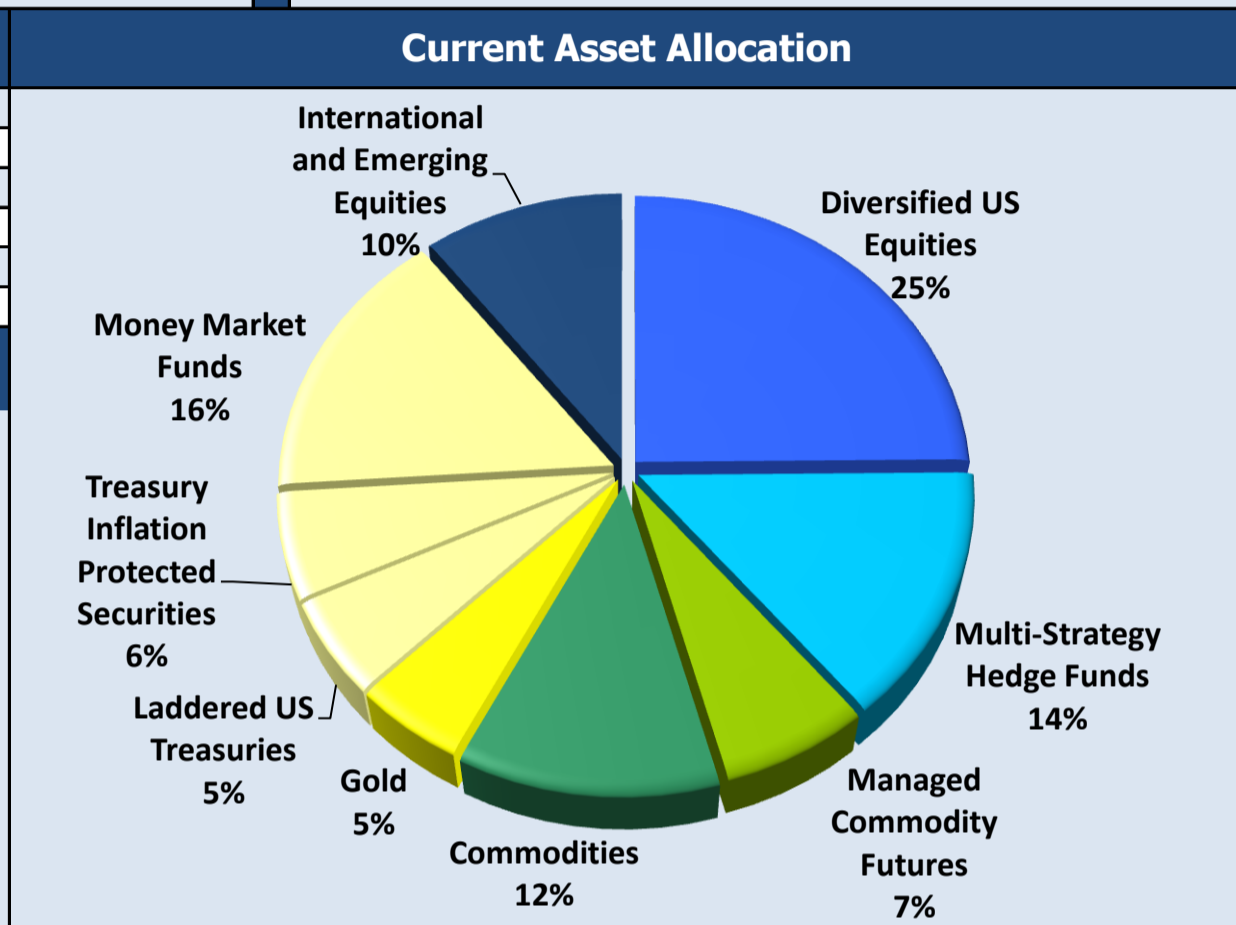
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## NCF Growth Strategy Pool

Additional Performance Information  
For The Periods Ending March 31, 2010

Period	Cumulative Returns		Year	Calendar Year Returns	
	Pool	Benchmark		Pool	Benchmark
Quarter	0.23%	1.78%	2010 -YTD	0.23%	1.78%
1 Year	18.97%	34.17%	2009	14.84%	21.36%
2 Years	-7.88%	-6.25%	2008	-24.01%	-29.39%
3 Years	-6.98%	-8.39%	2007	8.50%	5.87%
4 Years	2.10%	1.23%	2006	13.71%	13.41%
5 Years	15.34%	11.17%	2005	4.55%	4.28%
Since Inception*	22.87%	15.77%	2004*	8.90%	6.01%

	Historical Data	
	Pool	Benchmark
Rate of Return	3.59%	2.54%
Standard Deviation	9.50%	11.57%
Alpha (Annualized)	1.63%	
Max Drawdown	-30.25%	-40.00%
Drawdown Length (M)	16	16



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Please see the last page of this report for an explanation of the benchmarks and other information on this page.



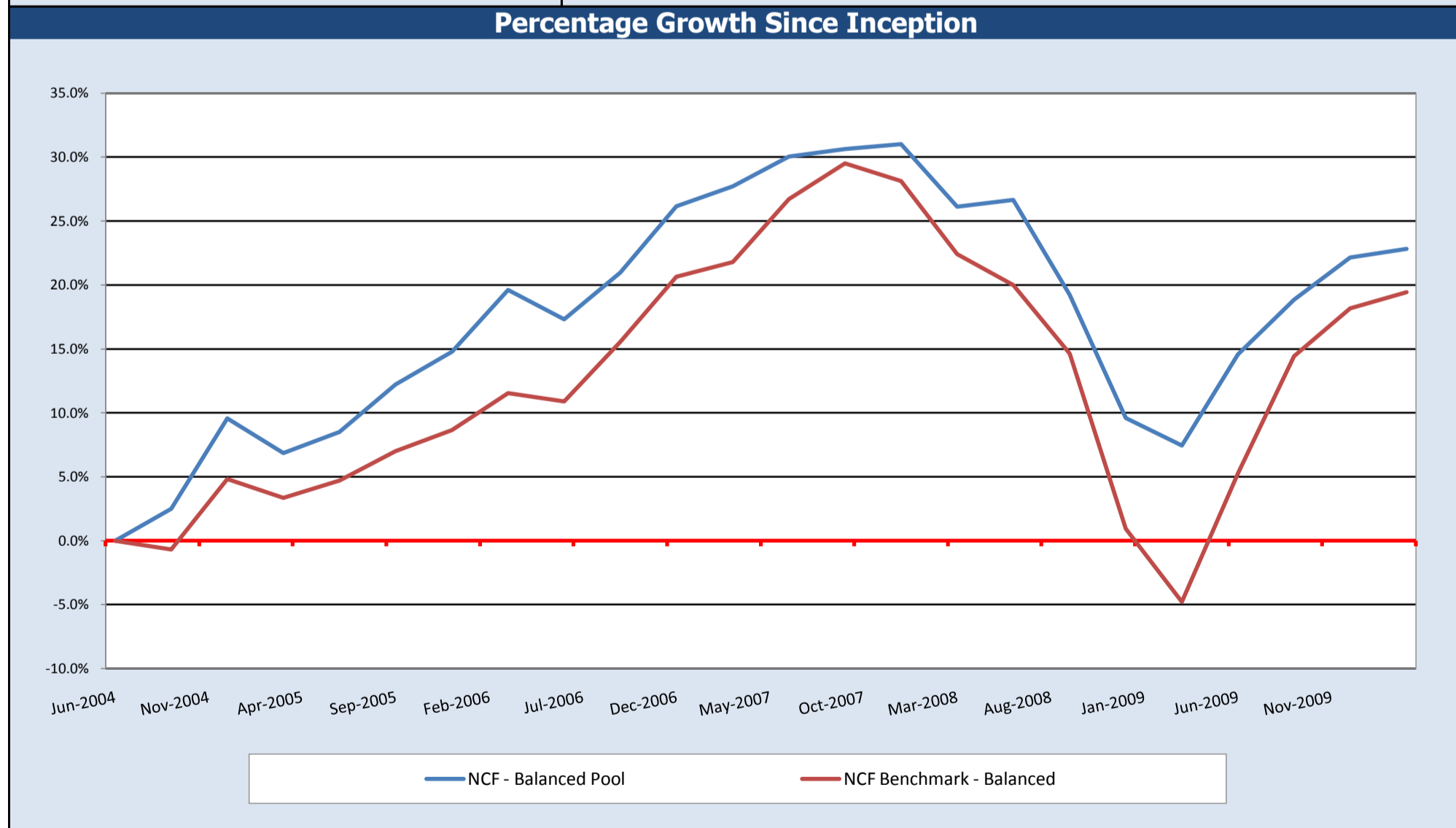
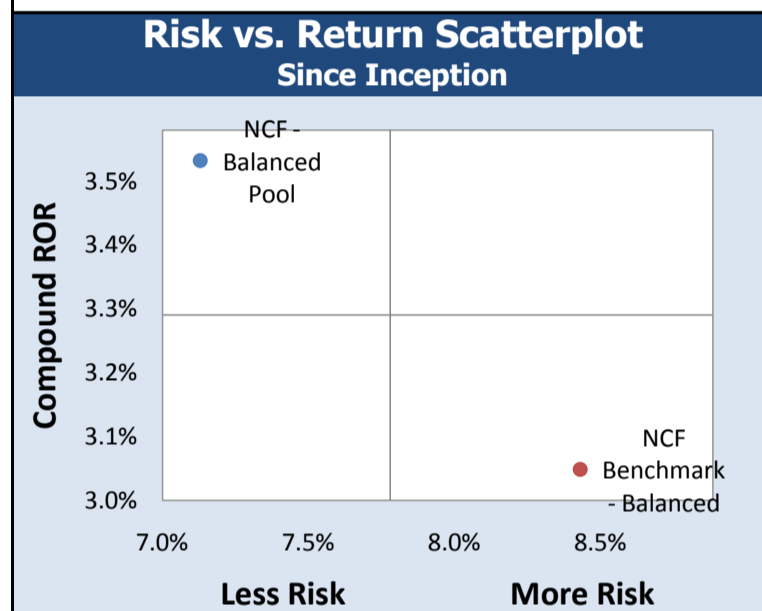
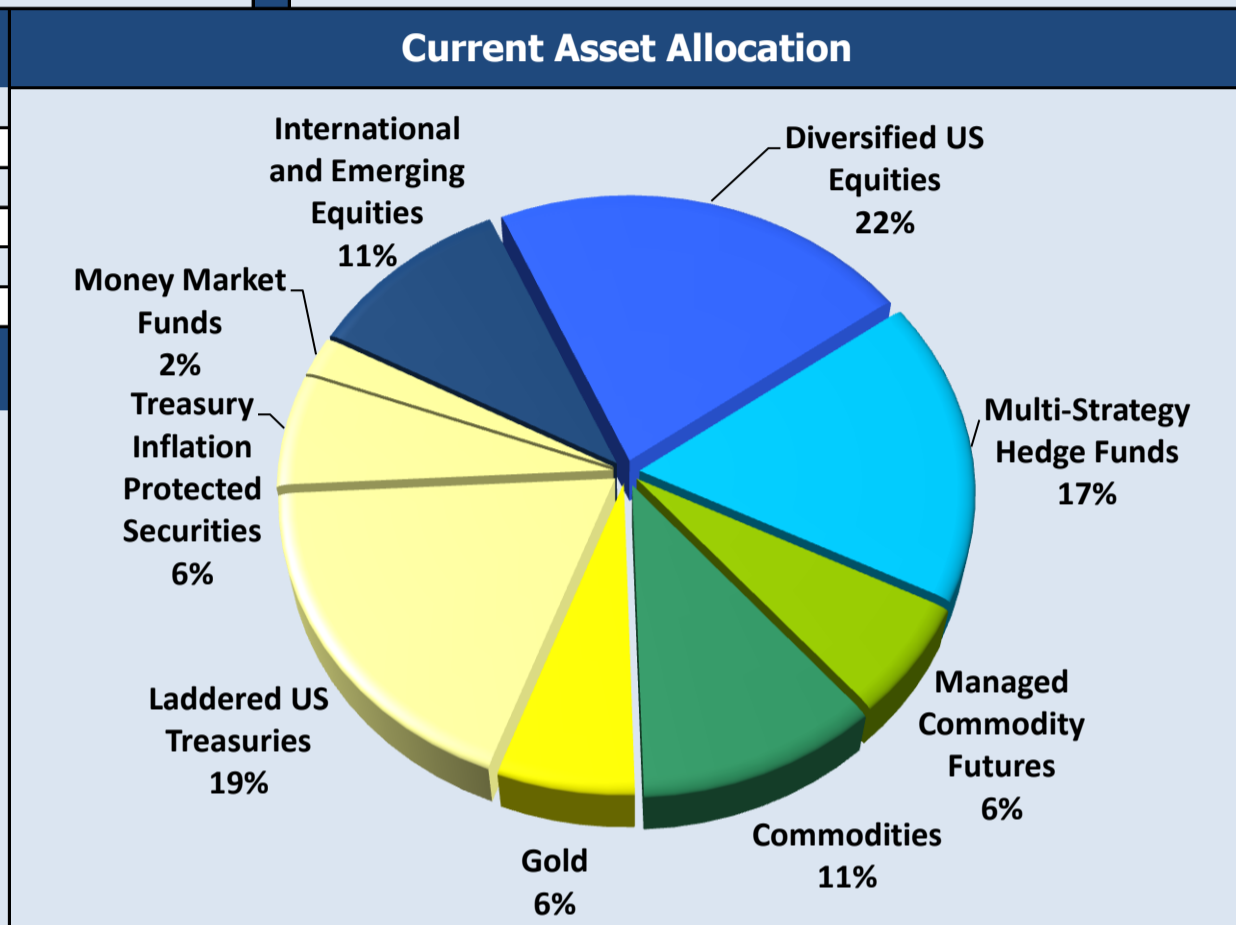
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## NCF Balanced Strategy Pool

Additional Performance Information  
For The Periods Ending March 31, 2010

Period	Cumulative Returns		Year	Calendar Year Returns	
	Pool	Benchmark		Pool	Benchmark
Quarter	0.57%	1.07%	2010 -YTD	0.57%	1.07%
1 Year	14.31%	25.43%	2009	11.45%	17.08%
2 Years	-2.60%	-2.42%	2008	-16.35%	-21.23%
3 Years	-3.82%	-1.93%	2007	3.85%	6.20%
4 Years	2.69%	7.06%	2006	9.91%	11.05%
5 Years	14.95%	15.55%	2005	4.75%	3.65%
Since Inception*	22.84%	19.43%	2004*	9.56%	4.82%

	Historical Data	
	Pool	Benchmark
Rate of Return	3.49%	3.00%
Standard Deviation	7.13%	8.43%
Alpha (Annualized)	1.13%	
Max Drawdown	-21.03%	-29.59%
Drawdown Length (M)	16	16



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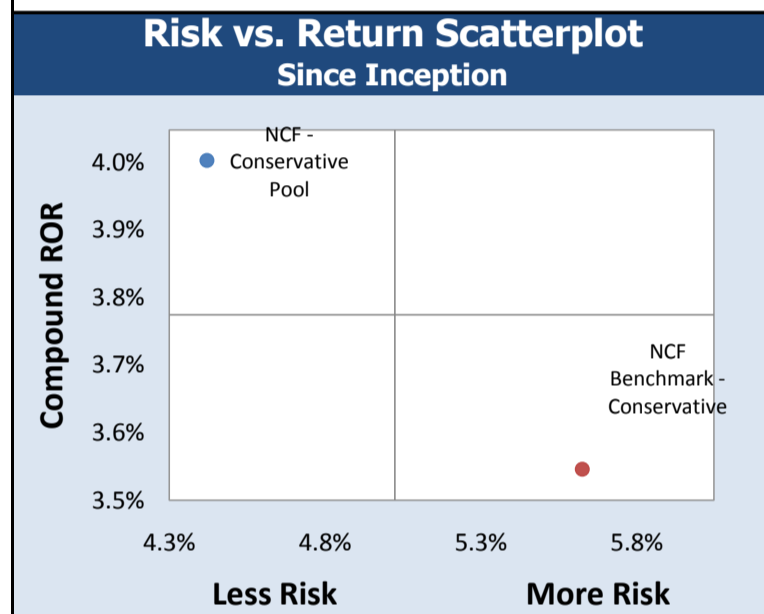
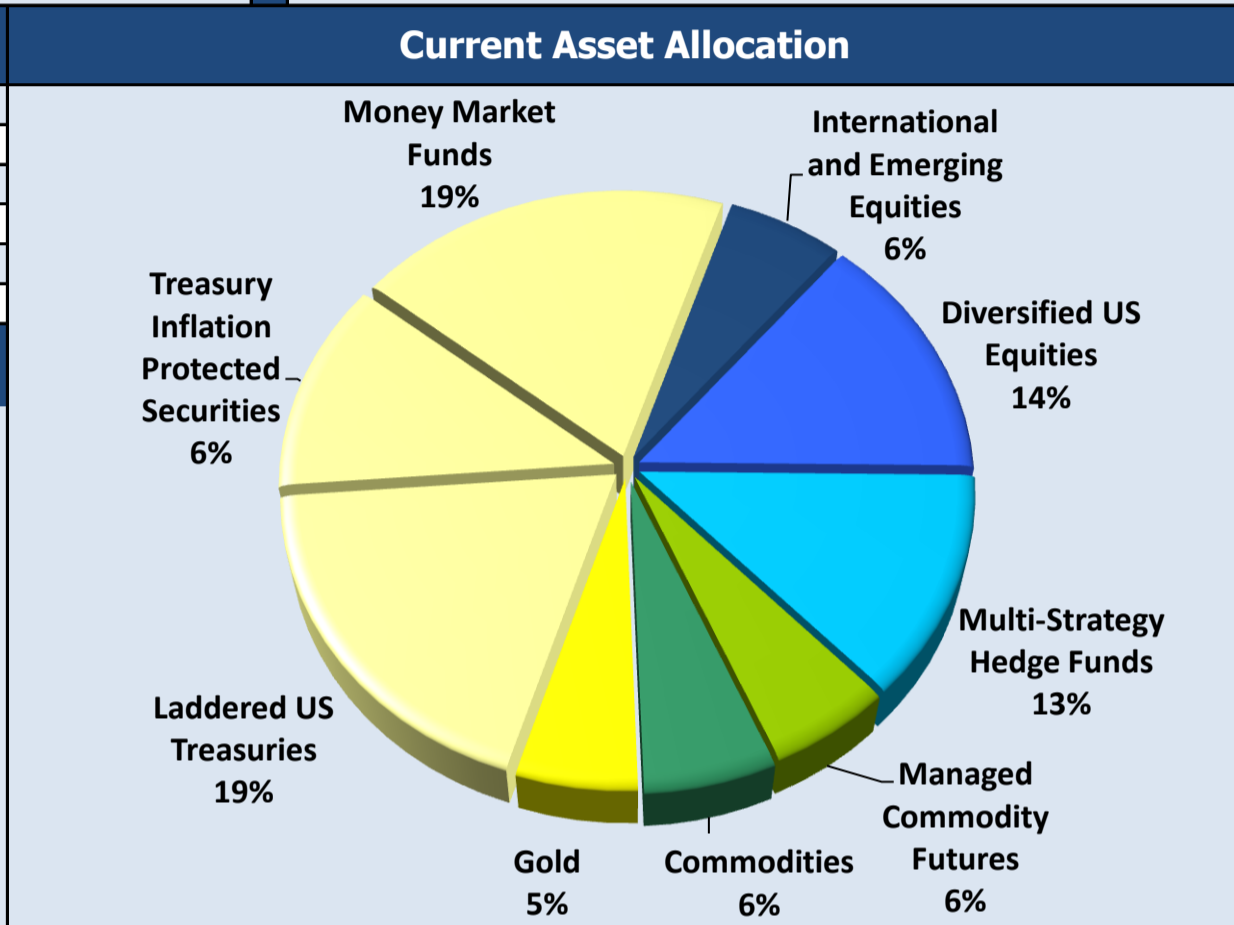
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## NCF Conservative Strategy Pool

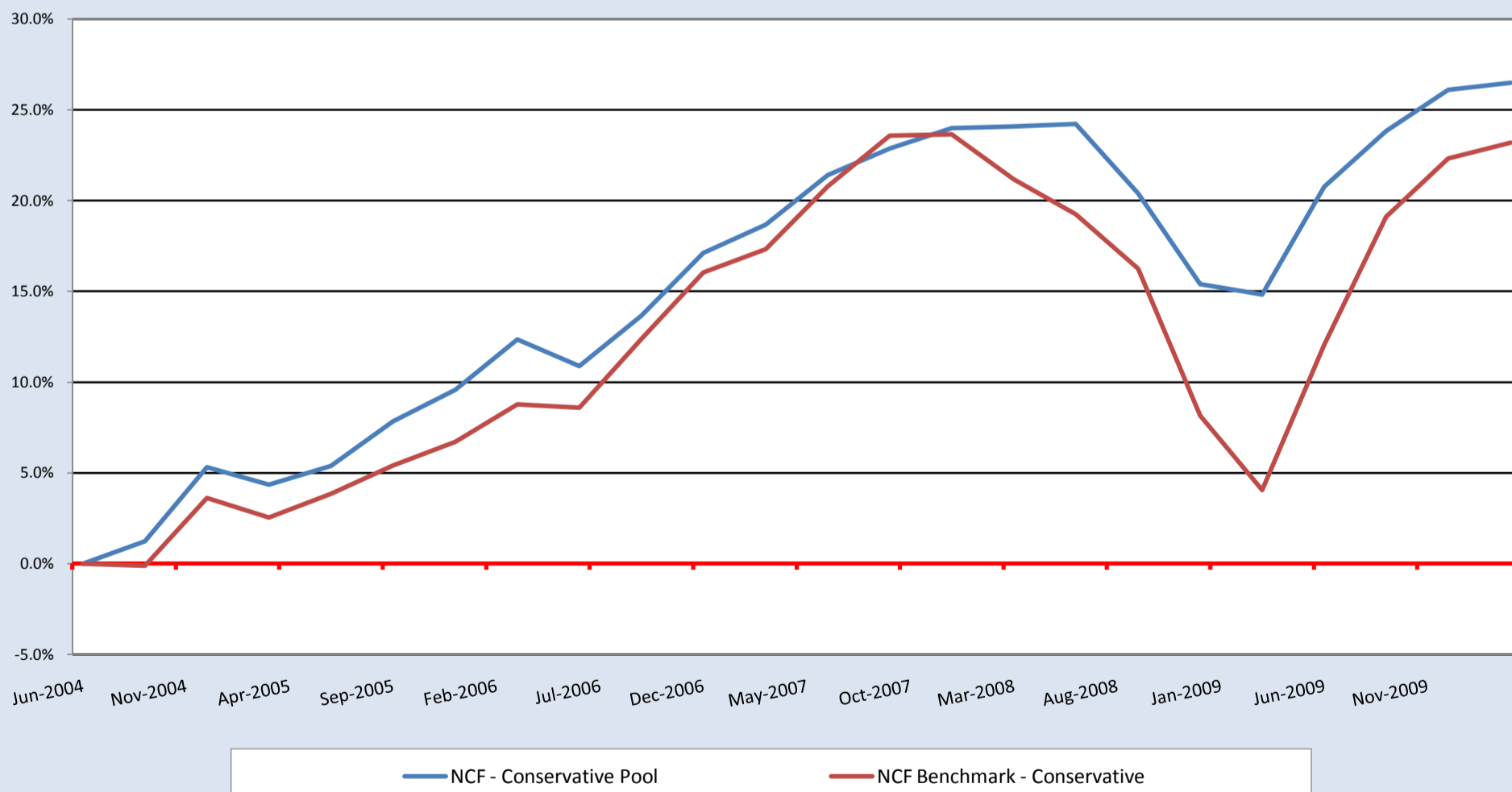
Additional Performance Information  
For The Periods Ending March 31, 2010

Period	Cumulative Returns		Year	Calendar Year Returns	
	Pool	Benchmark		Pool	Benchmark
Quarter	0.31%	0.72%	2010 -YTD	0.31%	0.72%
1 Year	10.16%	18.40%	2009	9.28%	13.10%
2 Years	1.94%	1.66%	2008	-6.94%	-12.53%
3 Years	6.60%	5.00%	2007	5.87%	6.55%
4 Years	12.58%	13.26%	2006	6.89%	8.74%
5 Years	21.21%	20.13%	2005	4.05%	3.00%
Since Inception*	26.49%	23.20%	2004*	5.31%	3.61%

	Historical Data	
	Pool	Benchmark
Rate of Return	3.99%	3.54%
Standard Deviation	4.47%	5.67%
Alpha (Annualized)	1.51%	
Max Drawdown	-11.00%	-18.33%
Drawdown Length (M)	9	16



### Percentage Growth Since Inception



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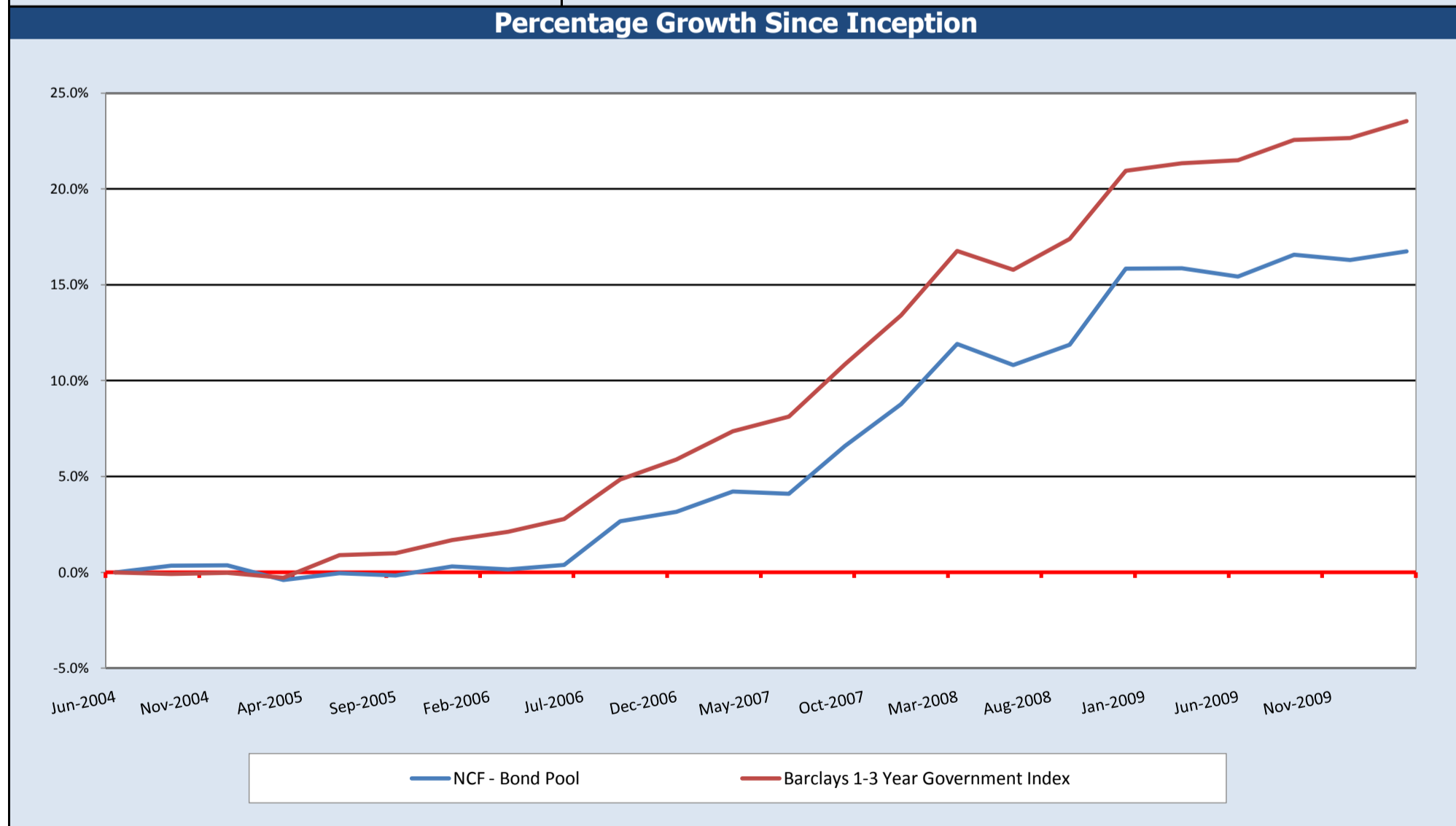
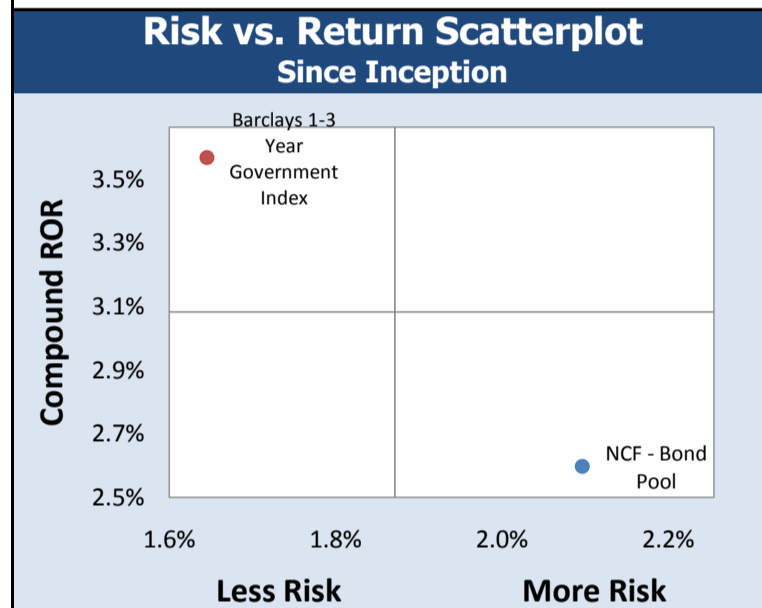
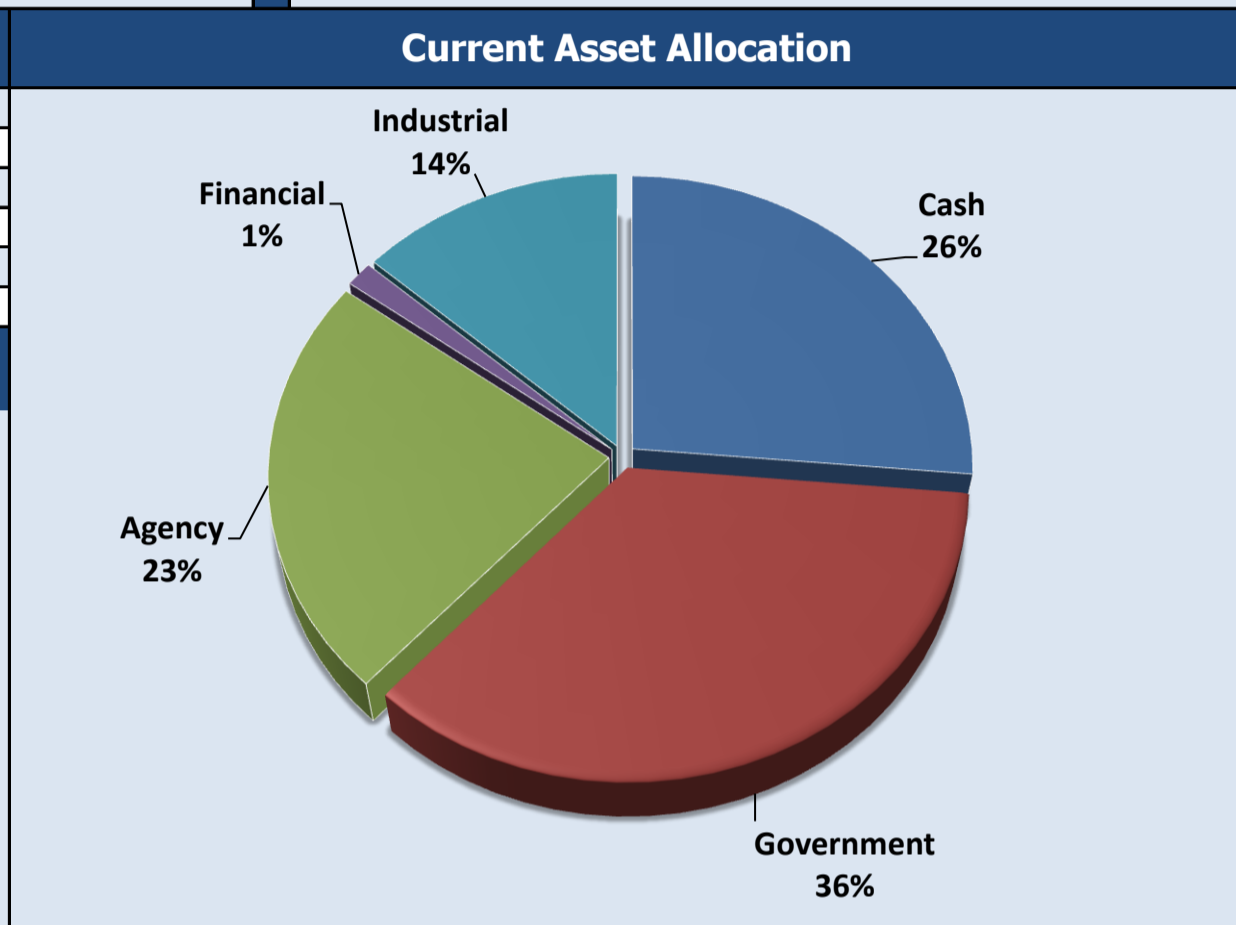
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## NCF Bond Strategy Pool

Additional Performance Information  
For The Periods Ending March 31, 2010

Cumulative Returns			Calendar Year Returns		
Period	Pool	Benchmark	Year	Pool	Benchmark
Quarter	0.39%	0.72%	2010 -YTD	0.39%	0.72%
1 Year	0.78%	1.82%	2009	0.40%	1.41%
2 Years	4.33%	5.80%	2008	6.50%	6.66%
3 Years	12.03%	15.08%	2007	5.44%	7.10%
4 Years	16.57%	21.00%	2006	2.85%	4.12%
5 Years	17.23%	23.90%	2005	-0.07%	1.72%
Since Inception*	16.75%	23.54%	2004*	0.37%	1.11%

Historical Data		
	Pool	Benchmark
Rate of Return	2.62%	3.59%
Standard Deviation	2.09%	1.64%
Alpha (Annualized)	-1.15%	
Max Drawdown	-2.08%	-1.14%
Drawdown Length (M)	1	2



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Please see the last page of this report for an explanation of the benchmarks and other information on this page.

# The National Christian Foundation

## Explanation of Return Metrics and Benchmarks

In an effort to provide greater clarity and simplicity, we have revised the format of the one-page performance reports for each of the NCF Pools. Much of the information and formatting is identical to the previous format. But we have added a new section that provides popular statistical measures of portfolio performance.

In the section entitled, "Historical Data," you will find five metrics of investment performance: Rate of Return, Standard Deviation, Alpha (Annualized), Max. Drawdown and Drawdown Length (M). The following is a simplified description of each of these metrics:

Time Period	Rate of Return	Standard Deviation	Alpha (Annualized)	Max Drawdown	Drawdown Length (M)
1 Year	-7.88%	11.57%	1.63%	-30.25%	16
2 Years	-6.25%	11.57%	1.63%	-30.25%	16
3 Years	-6.98%	11.57%	1.63%	-30.25%	16
4 Years	2.10%	11.57%	1.63%	-30.25%	16
5 Years	15.24%	11.57%	1.63%	-30.25%	16
Since Inception*	22.87%	11.57%	1.63%	-30.25%	16

**Rate of Return:** The compound annualized rate of return, or what most people would call simply the "annual return."

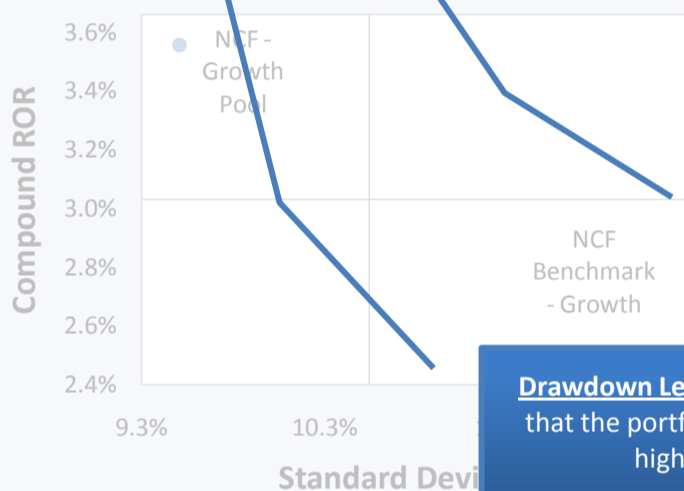
**Standard Deviation:** A common measure of portfolio volatility. The higher the reading, the higher the volatility. Technically, standard deviation shows how much variation there is from the "average" (mean) of a specific data set. A low standard deviation indicates that the data points tend to be very close to the mean, whereas a high standard deviation indicates that the data are spread out very far from the mean.

	Historical Data Pool	Benchmark
Rate of Return	3.59%	2.54%
Standard Deviation	9.50%	11.57%
Alpha (Annualized)	1.63%	
Max Drawdown	-30.25%	-40.00%
Drawdown Length (M)	16	16

**Alpha (Annualized):** Alpha is a measure of the value that a portfolio manager adds to or subtracts from a fund's return. It takes the volatility (price risk) of a portfolio and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is the portfolio's alpha. A positive alpha of 1.0, for example, means the portfolio has outperformed its benchmark index by 1%. (The benchmark will always have an alpha of zero, because it is the basis of the alpha calculation).

**Max Drawdown:** The largest percentage loss from peak to trough that the portfolio or index has suffered during a specific timeframe. In the case of the NCF Pools, the timeframe begins July 2004.

### Risks vs. Return Scatterplot Since Inception



**Drawdown Length (M):** The longest amount of time (in months) that the portfolio or index has ever remained below its all-time high. This metric is displayed in Months (M).

### Benchmark Descriptions

From the Growth Pool's inception in July 2004 through December 2008, the Growth Pool Benchmark consisted of an 80% allocation to the S&P 500 Index and a 20% allocation to the Barclays One- to Three-Year Treasury Index. Effective January 2009, in consideration of revised Growth Pool allocations, we revised the Growth Pool Benchmark as follows:

- 30% - S&P 500 Index
- 30% - MSCI EAFE Index
- 10% - BarCap US Government 1-3 Year Treasury Index
- 10% - Reuters/Jefferies CRB Index
- 12% - HFRI Fund of Funds Composite Index
- 8% - Eureka hedge CTA Fund of Funds Index

From the Balanced Pool's inception in July 2004 through December 2008, the Balanced Pool Benchmark consisted of an 60% allocation to the S&P 500 Index and a 20% allocation to the Barclays One- to Three-Year Treasury Index. Effective January 2009, in consideration of revised Balanced Pool allocations, we revised the Balanced Pool Benchmark as follows:

- 20% - S&P 500 Index
- 20% - MSCI EAFE Index
- 20% - BarCap US Government 1-3 Year Treasury Index
- 15% - Reuters/Jefferies CRB Index
- 15% - HFRI Fund of Funds Composite Index
- 10% - Eureka hedge CTA Fund of Funds Index

From the Conservative Pool's inception in July 2004 through December 2008, the Conservative Pool Benchmark consisted of an 40% allocation to the S&P 500 Index and a 60% allocation to the Barclays One- to Three-Year Treasury Index. Effective January 2009, in consideration of revised Conservative Pool allocations, we revised the Conservative Pool Benchmark as follows:

- 12.5% - S&P 500 Index
- 12.5% - MSCI EAFE Index
- 30% - BarCap US Government 1-3 Year Treasury Index
- 15% - Reuters/Jefferies CRB Index
- 18% - HFRI Fund of Funds Composite Index
- 12% - Eureka hedge CTA Fund of Funds Index