January 2010

Dear Fellow Investors and Friends:

At this time of the year we will all see lots of information about the performance of the financial markets in 2009 and over the past decade, along with countless analyses. We at ADF spend much of our time poring over this information and speaking to our financial advisors as we do our best to discern how current and expected conditions will affect our investing, cash management, products, lending decisions, and other elements of our ministry. Many of you are doing the same thing.

It is a daunting task to sift through the headlines and the oftentimes wildly divergent views of the experts. At the risk of being yet another voice to evaluate, let me offer just a few things that seem to represent consensus in my humble opinion.

The U.S. economic recovery will most likely be sluggish and we can anticipate slower growth in the U.S. in coming years. Overall investment returns will realistically be in the mid-single digits rather than double digits for the foreseeable future. The waning effects of government stimulus in the U.S., tight credit, lingering high unemployment, weakness in the housing markets, and the uncertainty of government spending, debt, new taxes, and inflation will continue to weigh on our economy.

Shifting of the "center of gravity" away from the U.S. in a globalizing world may mean investments will need to be less "U.S.-centric" for many investors.

So how should individual investors approach investing? The CEO of PIMCO, one of the largest asset managers in the world, suggests the following:

> *It's actually not that hard to have a framework to invest. The framework has three parts. First, you have to have an asset allocation that is forward-looking, not backward-looking.*
>
> *Second, you have to find the right vehicle to express that asset allocation. I'm always amazed by how many people get the asset allocation right, but then when they express it, they choose the wrong vehicle.*
>
> *And third, you've got to be humble. You've got to realize that managing risk is hard, and this old notion that "as long as you're diversified, that is enough" is no longer true.*

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Diversification is necessary but not sufficient. You also have to ask, what mistake can I afford to make if diversification doesn't help me? And that is a question that unfortunately not enough people ask themselves.

As I wrote in May, 2009:

Regardless of how you interpret the financial markets and economic outlook, we believe ADF can be an important part of your savings and investments, offering stable returns AND the opportunity to help build churches where lives are being transformed. We continue to receive requests regularly from churches that need to build, buy, and renovate property in order to fulfill their mission. God's Kingdom continues to advance regardless of the current economy!

Thank you for your continued partnership with ADF. May God grant you wisdom, guidance, and His blessing throughout 2010.

As always, I welcome your questions, comments, or prayer requests.

Sincerely,

Lawrence L. McCooey

Lawrence L. McCooey , CPA, PFS
President

P.S. Thanks to those who completed our recent satisfaction survey and who shared your comments for improvement. We will be carefully considering this information as we continually seek to improve ADF.