

THE FOUNDATION NEWS
FOURTH QUARTER 2006

Year two (2006) in the four-year presidential cycle closely tracked the average year-two pattern: a good first quarter, weak second and third quarters and fourth quarter rally. The typical fourth quarter rally began later in the third quarter when the Federal Government stopped hiking interest rates and oil prices pulled back from record highs.

Unfortunately, The Stewardship Foundation's investments did not experience the rally in the third quarter but benefited greatly in the fourth quarter. Net return for 2006 in the Balanced Fund equaled 8.2%. Your account(s) may vary because of a different asset mix, withdrawals and deposits.

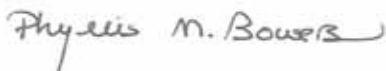
Forecasts for 2007 include a gross total return of 9–13% for stocks, 4–6% for bonds and 4-5% for cash equivalents. The S & P 500 is expected to reach 1500 – 1550 by the end of the year.

What could go wrong in 2007? A major negative geopolitical event may occur. There is the war on terror; Iran and North Korea are also problems. China is in the background wanting to take control of Taiwan. A second possibility is if a major terrorism event occurs on U. S. soil. A third possibility is the housing downturn leading to a broad economic recession. A fourth possibility is a financial event causing a liquidity crisis. It happened in Asia in 1997. Any number of things could cause it including unexpected rate hikes by the Federal Government, a large issuer of debt experiencing repayment problems or a bankruptcy by a large firm. A fifth possibility is that Congress might fuel a rise in protectionism.

Many of the expected problems in 2006 did not occur and it was a respectable, if not good, year for investments. No one knows what will happen in 2007, but if we know what could go right and what could go wrong, we are prepared for it. The United States is a strong country, and with faith in God, we can weather any storm and hopefully reap enormous prosperity.

As always, our Foundation staff is here to assist you as together we strive to be good stewards and managers of your resources! You are a valued leader in making the work of God known through The Foundation and our ministry. Thanks from the bottom of our hearts!

Faithfully,



The Rev. Phyllis M. Bowers
Executive Director

“Blessed are those who are generous, because they feed the poor.” Proverbs 22:9 NLB