STEWARDSHIP PARTNERS
MARKET COMMENTARY

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Stocks Regain Traction, Rise Despite Threats from Oil and the Fed

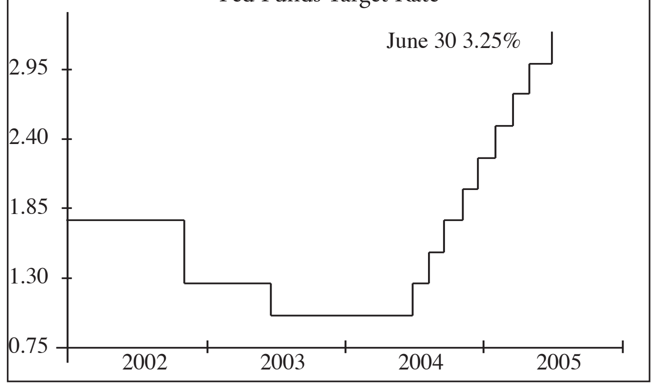
"In this world you will have trouble. But take heart! I have overcome the world". John 16:33 (NIV)

Neither the methodical increases in short-term interest rates orchestrated by the Fed over the last year (see Chart 1) nor the ascent of oil prices to new highs could keep US stock prices from rising during the second quarter. Despite increasing investor concerns that the combined effect of these two trends would undermine growth prospects, the economy proved once again that it is determined to continue its advance and likely grew near a 3% rate in the second quarter. Actually, higher oil prices and the Fed's resolve in raising short-term interest rates seemingly had a positive impact on the financial markets. Both factors contributed to the increasingly held belief that economic growth would moderate. Accordingly, inflation fears quickly receded and long-term interest rates actually fell significantly during the quarter, allowing bonds to post attractive returns (See Table 1) and real estate to continue its winning ways as well. Stocks, as measured by the S&P 500, advanced 1.37% during the second quarter. **Fortunately for Stewardship Partners' clients, our preliminary results for the second quarter indicate that we were able to surpass the relevant index returns in our US, Global, International and Balanced CWI Leaders' portfolios.**

Chart 1

Greenspan's Measured Pace of Rate Hikes

Fed Funds Target Rate



Source: ISI

Table 1

2Q05 & YTD Total Returns

US Indices	2Q05	YTD
S&P 500	1.37%	-0.81%
Russell 1000 Growth	2.46%	-1.72%
Russell 1000 Value	1.67%	1.76%
NASDAQ	2.89%	-5.45%
S&P 400 (Mid Cap)	4.26%	3.85%
S&P 600 (Small Cap)	3.94%	1.79%
Treasury Bonds	8.44%	9.40%
High Grade Corp. Bonds	7.38%	8.08%
Gold	2.25%	0.34%
Global & International Indices		
MSCI World	0.61%	-0.40%
MSCI EAFE	-0.75%	-0.84%
MSCI Euro	-0.97%	-1.27%
MSCI Far East	-2.54%	-4.80%
MSCI Japan	-3.55%	-5.80%
US Economic Sectors (Price Only)		
Energy	1.52%	18.84%
Utilities	8.35%	13.16%
Materials	-9.97%	-8.83%
Consumer Staples	-1.17%	-1.02%
Health Care	3.75%	2.69%
Industrials	-3.79%	-5.75%
Consumer Discretionary	-1.20%	-7.03%
Financials	3.65%	-3.57%
Technology	1.60%	-5.99%
Telecom	2.64%	-6.20%

Source: ISI, Merrill Lynch, MSCI

The market's resilience in the face of rising oil prices and short-term interest rates was not evident in all sectors of the market. Interest rate sensitive groups, like utilities and financial stocks, performed better than average while sectors whose fortunes are more tied to economic expansion performed poorly. Basic material stocks actually fell by 10% during the quarter. While high quality companies performed well, lower quality stocks did even better. Small and mid-cap stocks also turned in better results than large. In view of these trends, we are even more pleased that we were able to outperform the indices for our clients given our Leader's approach leads us to hold mostly quality,

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large-cap growth stocks in our portfolios.

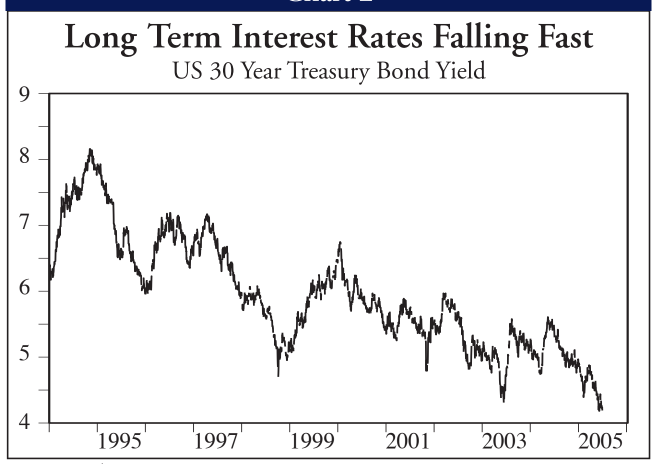
While we are grateful that we have been able to avoid “trouble” for our clients in this past quarter, we still “take heart” because we know the Savior who has “overcome the world”. **If Jesus is not your Lord and Savior, please read the back of this Quarterly Commentary and feel free to call us to discuss how you too can be assured of forgiveness of your sins and eternal life through faith in Him.**

What’s Causing the Conundrum?

“The Assembly was in confusion: Some were shouting one thing, some another”. Acts 19:32 (NIV)

Fed Chairman Alan Greenspan famously referred to the significant decline in long-term interest rates in the face of rising short-term rates as a “conundrum”. **This decline in long-term rates is posing a problem for the Fed in that it is contributing to the creation of a real estate bubble as well as encouraging growth in consumption that worsens an already frightening current account deficit.** Obviously, the Fed’s hope was that long-term interest rates would have risen in tandem with short-term rates as they have usually done in the past. The financial markets, however, responding to clear signs of slowing in the global economy and falling inflation expectations, are pushing long-term interest rates ever lower (see Chart 2). **The Fed’s resolute increases in short-term rates is perversely reinforcing the market’s belief that inflation is not a threat and future economic growth is likely to be slower than faster.** In a sense, the market is confused: Greenspan is “shouting” about inflation concerns while investors are “shouting” about the prospect of falling economic growth.

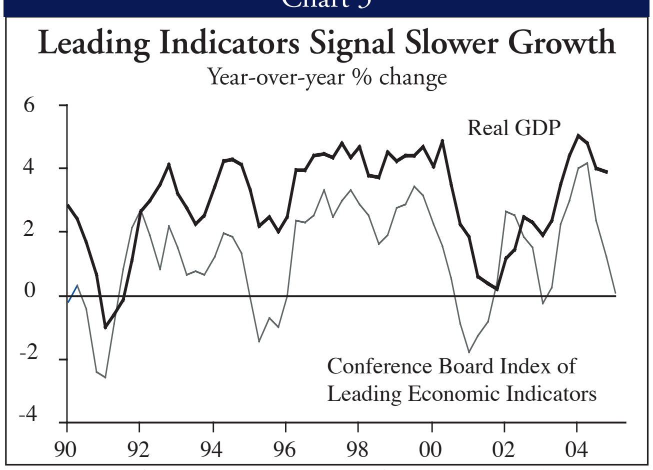
Chart 2



Source: Yardeni.com

With the Fed signaling at its last meeting that it will continue to raise short-term rates in a measured fashion, **investors are beginning to worry that the Fed may be out of step with the reality of a downturn in economic growth.** The combination of the sharp increase in short-term interest rates and the dramatic spike in oil prices is clearly having a global impact on economic growth prospects. Not only is the trend in long-term interest rates signaling this but also many other economic statistics such as falling backlogs, declining scrap steel prices and a drop in the Leading Economic Indicators (see Chart 3). **Unlike the Fed, many of the world’s central banks have also now shifted to a loosening bias** as a result of these weakening trends. Will the Fed continue to tighten in light of these circumstances? For now, investors must assume the answer to this question is yes, but clearly, the end of the current Fed tightening cycle cannot be far off. **The question investors now face is determining whether the forthcoming economic weakness will simply be a healthy global slowdown that will cool the overheated demand for oil and other commodities or a full-fledged downturn that could result in serious harm to corporate profits.**

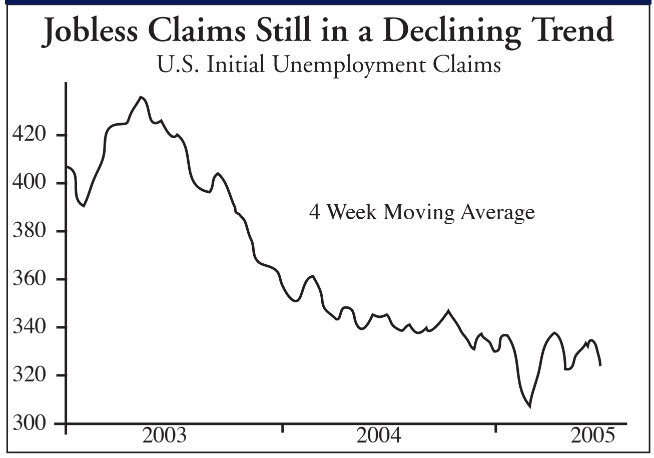
Chart 3



Source: Bureau of Economic Analysis, The Conference Board, Merrill Lynch

While signs of an economic slowdown are showing up with regularity overseas, within the US the evidence is not as clear that the economy is weakening. Consumer confidence recently bounced to an attractive level, auto sales are strong, home sales remain at very high levels, Wal-Mart’s sales have been stronger than expected, productivity remains solid, inflation is well contained and unemployment claims continue to trend lower (see Chart 4). The US economy’s resiliency has been remarkable but it is hard not to wonder when its ability to adjust to oil prices will come to an end. Moreover, driven in part by speculative demand, **the oil price seems determined to rise to the point where it creates its own demise by biting the hand that has fed it, the growing global economy.**

Chart 4



Source: ISI

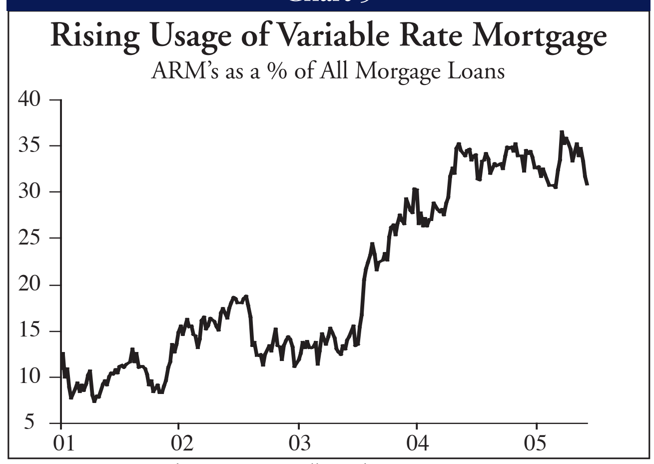
On balance, we believe that global economic activity will slow enough to allow the supply of most commodities, including oil, to catch up with demand. This slowdown should be sufficient to allow the Fed to end its short-term rate increases before too long. **Slower non-inflationary growth, the end of the tightening cycle and moderating oil prices would certainly be an equity friendly environment.** Only time will tell if this combination of favorable developments will occur in a timely manner for investors. Perhaps less likely, but worth monitoring, is a scenario where growth reaccelerates, oil prices hit new highs and the Fed is forced to move rates sharply higher to ultimately achieve a more sustainable growth rate. **Since a clear trend has yet to be established, we at Stewardship Partners will be diligently monitoring developments in order to position our client's portfolios as best possible for the future.**

Housing Bubble?

"Unless the Lord builds the house, its builders labor in vain". Psalm 127:1 (NIV)

Real estate values generally reflect local considerations. Thus it is normal for some regional real estate markets to be frothy at any given point in time and others to be sedate. **For some time, however, there has been a global trend towards real estate price appreciation.** It might come as some surprise that the US is actually something of a laggard in this global trend. Nevertheless, real estate values have been a major beneficiary of both the 2000 – 2003 bear market in stocks and the continued decline in long-term interest rates. Many investors, burned by falling share prices, fled to the real estate market and were welcomed with good returns. These returns have attracted a torrent of additional investors, aided by easily available, but increasingly risky, variable rate mortgage financing (see Chart 5). **Easy, risky borrowed money seems to accompany nearly every significant bubble.** Merrill Lynch recently reported it found 60% of the top real estate markets in the US to be in bubble territory. Further evidence that real estate has hit bubble status can be found in the fact that nine of the top twenty best-selling business books on Amazon.com are real estate titles. Additionally, web site addresses like properties.com and realestateforsale.com have been offered at outlandish multi-million dollar prices of late.

Chart 5



Source: Morgage Bankers Assoc. Merrill Lynch

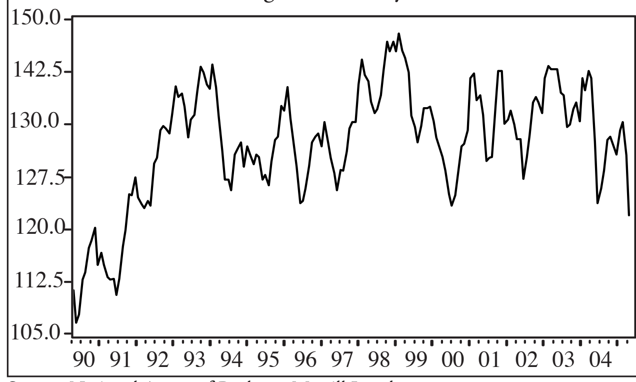
Even with easy credit, most bubbles reach a point where prices rise to a level that takes even the most emotionally involved and leveraged buyer out of the market, and then prices begin to fall. With low interest rates, easy credit, strong consumer income trends and a growing economy, it is hard to forecast that real estate prices will begin to moderate any time soon, but it is worth noting that housing affordability has moved to a 13 year low (see Chart 6). Clearly, some buyers, particularly at the low end, are beginning to be priced out of the market. Moreover, the Fed has begun leaning on banks to tighten their credit standards on mortgage loans. In view of these developments, **we would be surprised if housing prices did not begin to at least rise at a slower rate than in recent years.** A decline in housing prices could well occur in those markets where prices have risen the most in recent years, such as California and South Florida, even without any apparent cause, simply because the current prices seem so out of touch with reality. Chart 7 highlights regional trends in home prices versus median income. Generally, a ratio of greater than 3.0X on this measure qualifies as bubble pricing but it is worth remembering that in Japan, the ratio rose at one point to 10.0X and banks offered multi-generational mortgages!

In the UK, home price appreciation, which had been even more heated than what has been experienced in most of the US, has slowed considerably over the past year following the central bank's efforts to raise interest rates. This moderation was accompanied by a slowing economy as the strength in the housing market had contributed meaningfully to economic growth. A similar trend is likely in the US with home prices leveling off and economic growth rates falling by one percent or so. **This type of moderation in economic growth may well be welcomed by the stock market, particularly if long-term interest rates remain subdued.**

Chart 6

Housing Affordability Hits 13 Year Low

Housing Affordability Index

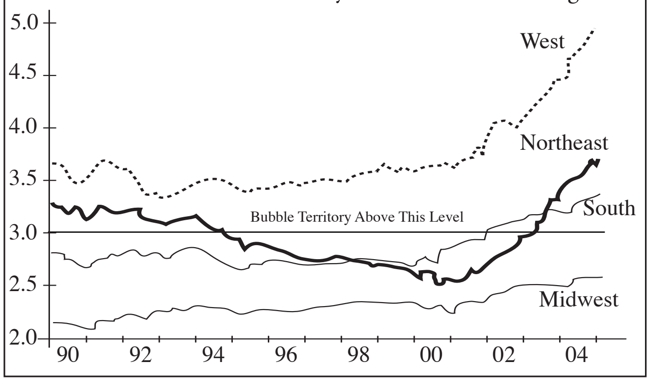


Source: National Assoc. of Realtors, Merrill Lynch

Chart 7

Many House Prices in Bubble Zone

Home Prices/Median Family Income - 3 Month Avg.



Source: ISI

While home prices might have skyrocketed to absurdly high levels, the house the Lord builds is invaluable. Not wanting to labor in vain, we always seek to place our trust in the Lord and allow Him to guide our steps. This does not mean we have some divine insight into the future direction of the markets but it does mean that even if our future results suffer, we will still have something of inestimable value - a relationship with our Lord that is built on a firm foundation of His word.

Profit Prognostications

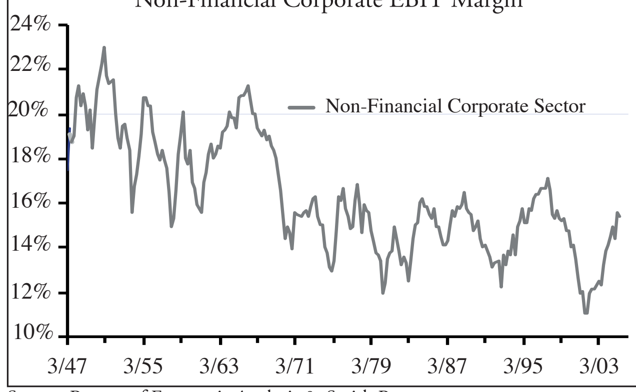
"For I know the plans I have for you…plans to prosper you". Jeremiah 29:11 (NIV)

Always anxious to worry about something, investors with a short-term focus have recently been focusing on high corporate profit margins. The implication is that the only direction to go from here is down. Moreover, the S&P 500 is only expected to achieve year-over-year earnings per share growth of about 8% in the second quarter of 2005, the first time profit growth has been less than double digit in several years. Some view this deceleration in profit growth as a precursor of outright declines in the not too distant future. **As shown in Chart 8, however, profit margins are not even close to the highs seen in the 1950's and 1960's.** It is not inconceivable that in an environment of low inflation and above average economic growth, profit margins may yet have further to go on the upside. **Indeed, with expectations that the middle class in China alone will grow to 300 million people by 2020 - more than the total population of Europe - the prospects for unusually rapid global economic growth for an extended period is significant.** Moreover, because the world's labor force keeps expanding as the

Chart 8

Profit Margins Well Below 1950-60's Levels

Non-Financial Corporate EBIT Margin

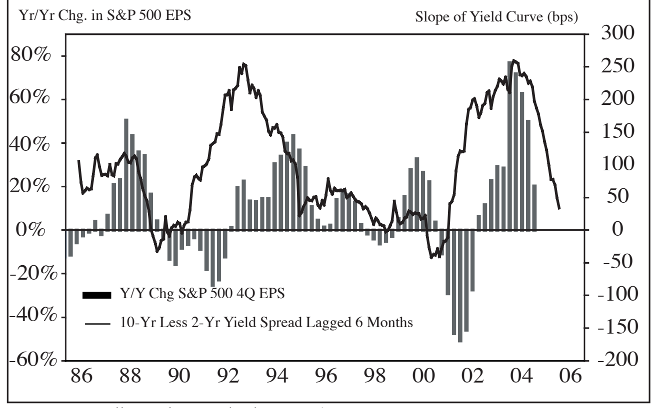


Source: Bureau of Economic Analysis & Smith Barney emerging market nations integrate with the world's economy, deflationary pressures in many areas persist. Accordingly, we are not prepared to acknowledge that the current high level of profit margins indicates that the trend will soon turn negative. **Significant upside in long-term profit margins may yet be attainable as many companies benefit from stronger growth and subdued costs.**

This is not to say that profits may not come under cyclical pressure in the short term. One force acting to pressure profits lower is the flattening yield curve. As shown in Chart 9, profits have historically come under pressure as the Fed raises short-term rates and the normally positively sloped yield curve flattens or, worse yet, inverts. If short-term rates keep rising investors should expect further deceleration in profit growth and a cyclical downturn in margins. Fed comments and actions, and the bond market's reaction to them, warrant even closer scrutiny than normal during this time.

Chart 9

Flattening Yield Curve Imperils Profit Growth

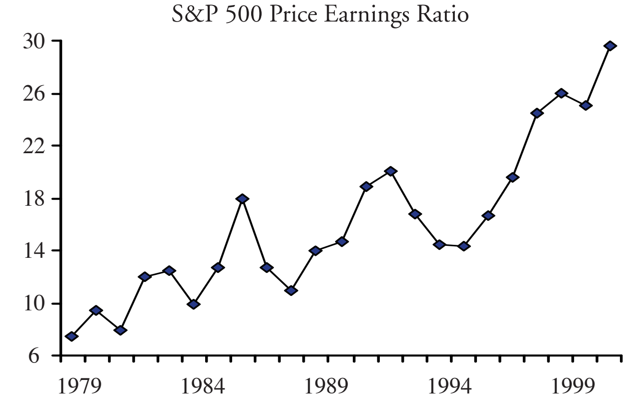


Source: Merrill Lynch, Standard & Poor's

Chart 10

Huge P/E Expansion - 1979-2001

S&P 500 Price Earnings Ratio



Source: ISI

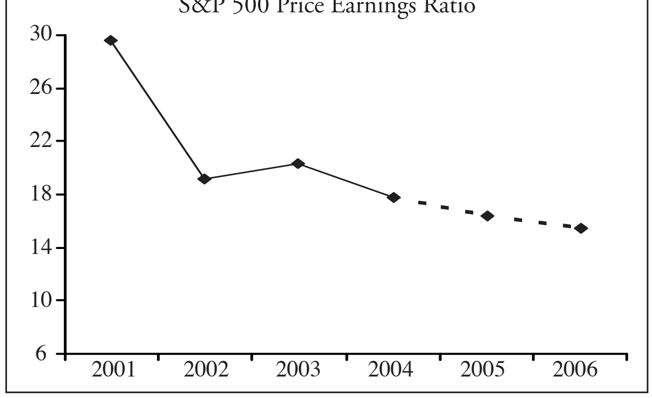
Another factor weighing on future corporate profits is the surprising strength of the US dollar. The dollar has rallied about 10% so far in 2005 despite such luminaries as Warren Buffett and Bill Gates taking bearish positions on it. Unfortunately, dollar strength has a negative impact on US corporate profits as many companies have sizable overseas operations. **Given both the yield curve and dollar impact on profits, it would not be surprising if investor's short-term expectations for earnings fall in the months ahead. This, however, may not automatically result in pressure on share prices. In fact, Smith Barney has shown that of the 11 downturns in profit margins which occurred over the last sixty years, share prices were higher twelve months later in eight of the cases.** The key to avoiding falling stock prices appears to be avoiding a recession. At this time, a recession does not appear imminent, particularly since many central banks around the world are more apt to loosen monetary policy than tighten it at the moment.

In the long term, significant positive moves in share prices are accompanied not only by earnings growth but also by expanding valuations. As seen in Chart 10, the bull market in the 1980's and 1990's saw P/E multiples grow from 7X to nearly 30X. The subsequent bear market nearly halved those valuations (see Chart 11) and based on current 2006 EPS estimates, stocks are selling close to 15X expected earnings. **While stocks may not currently be astoundingly cheap relative to their own history, they are inexpensive when compared to real estate and bonds. Additionally, we believe that the S&P 500's P/E multiple can easily move up to at least the 18 level in coming years due to above average long term growth prospects, below average inflation and historically attractive taxation on capital gains and dividends.** While such projections are inherently risky, particularly in an age of terrorism, we rest in the fact that we have a God who has "plans to prosper" us regardless of the future trends in share prices.

Chart 11

P/E's Halve in 2001-2003 Bear Market

S&P 500 Price Earnings Ratio



Source: ISI

All Eyes Remain on Oil and the Fed

"The jug of oil did not run dry, in keeping with the word of the Lord". 1 Kings 17:16 (NIV)

Oil stocks have achieved the best returns of any of the ten S&P 500 sectors during 2005 but these stocks were only the sixth best performing group in the second quarter despite oil prices surging past $60. If oil prices rise further into record territory, we would expect further gains for oil stocks, but any additional advances may be disappointing to the oil bulls. Optimism surrounding oil stocks is, not surprisingly, very high. Table 2 reflects the excessive optimism for oil via the heavy exposure investors have in the Energy Exchange Traded Fund. **Favorable sentiment for energy stocks is confirmed in many other measures and is rarely a point from which attractive future returns are earned.** We would not be surprised to see optimistic estimates of short-term demand for oil to prove too high. A sharp fall in oil prices and energy stocks could accompany such disappointed expectations, particularly given the large degree of speculative activity seen in the oil markets. While the long-term prospects for oil may remain bright in view of the rapid development of the emerging markets, **slower economic growth in the short term may provide a respite for the oil markets and help supply to catch up to a more moderate level of demand.**

Table 2

Energy ETF Holds 26% of All Sector ETF Assets

Triple it's Sector Weight in the S&P 500

	% of Total Sector ETF Assets	S&P 500 Weighting	Difference (%Pts)
Energy	**26.1%**	**8.8%**	**17.2%**
Utilities	15.1%	3.3%	11.7%
Materials	6.6%	3.0%	3.6%
Health Care	14.1%	13.4%	0.7%
Staples	6.8%	10.2%	-3.4%
Industrials	5.0%	11.5%	-6.5%
Financials	13.1%	20.1%	-7.0%
Discretionary	3.4%	11.2%	-7.9%
Technology	10.0%	18.4%	-8.4%

Source: ISI

Oil stocks might fall even if oil prices do not fall. If oil prices stay at roughly the current level, this alone would disappoint many investors and they might respond by reducing their very heavy exposure to energy stocks. Steady oil prices might be the best scenario for stocks in general since the market has already adapted to the current level of prices and lower prices might act to stimulate the economy. The Fed could well react to lower oil prices by continuing with its policy of increasing interest rates, a decision that could have more serious consequences for stock prices than having oil prices maintained at current levels and the Fed ceasing its efforts to raise rates further. **Until the Fed signals that it is done raising rates, the markets may react warily to any signs of strength in the economy. Moderate growth, relatively stable energy prices and a contented Fed are the keys to a strong second half for equities.**

Decelerating profit growth and a flattening yield curve also could benefit Stewardship Partners' clients. Both tend to lead to better performance by the larger and higher quality stocks in which we typically invest (Table 3). Additionally, smaller companies stocks have been outperforming for nearly seven years and growth stocks have been out of favor for nearly six years. Such trends rarely persist longer than such extended time frames, thus it appears the possibility to achieve good relative performance from the quality growth stocks Stewardship Partners typically buys is greater than normal. We are grateful to have been able to produce good returns for our clients during this past period when the odds were stacked against us.

Table 3

High Quality Stocks Outperform as Yield Curve Flattens

Probability of Outperformance Based on Slope of Yield Curve

10 Year Treasury Yield Less 2 Year - 1986 to 2005

Yield Curve Slope	Probability of Outperformance Over Next 12 Months B+ or Better Rated Stocks vs. B or Worse
25 bps or Less	75%
50 bps or Less	64%
Within 51-149 bps	39%
150 bps or Greater	31%
200 bps or Greater	23%

Source: Merrill Lynch

In the end, we rely upon the Lord for our provision. We can only see the future as one looking through darkened glass and, like the widow Elijah ministered to, we trust the Lord to keep our oil from running dry.

We at Stewardship Partners continue to be grateful for the opportunity to serve your investment needs. Please contact us if you have any questions or if we can be of any assistance.

Christian Worldview Investing (CWI)- Investing as Jesus Would

"Blessed are they that maintain justice, who constantly do what is right" Psalm 106:3 (NIV)

Stewardship Partners, founded in 2000, is a leader in the field of investing with a Christian perspective, a form of Socially Responsible Investing (SRI) known as Christian Worldview Investing (CWI). Rusty Leonard, CFA, Stewardship Partners' founder and CEO, practiced this investment philosophy while managing over $3 billion of assets as a portfolio manager from 1989 to 2000 with the Templeton organization. He also had the privilege of working directly with the world-renowned global mutual fund manager, John Templeton. **By employing a CWI approach to investing, Stewardship Partners seeks to achieve long-term capital gains through ownership in securities of companies that are a blessing to mankind. Conversely, we seek to avoid profiting from owning companies engaged in sinful activities that bring physical and spiritual loss to our fellow man. Our heart's desire is to do no harm to our fellow man in the process of being the best possible guardians of the wealth the Lord has given us stewardship over.** Simply put, a "what would Jesus do" approach to portfolio management is what we seek for our clients.

Below are some of the issues of concern to Stewardship Partners and the specific sinful activities that fall into each category:

1. **Justice and mercy for the defenseless:**
    - Abortion
    - Persecution of Christians and other oppressed peoples
    - Life destroying scientific research

2. **Justice and mercy for the poor and needy:**
    - Political oppression
    - Any abuses of the poor, children and the elderly

3. **Compassion for those addicted and/or engaged in sinful lifestyles and those organizations that support such activities:**
    - Alcohol, Gambling and Tobacco
    - Pornography
    - Homosexuality

4. **Protection of the institution of marriage and the family**
    - Entertainment that seeks to destroy appropriate attitudes
    - Efforts to promote alternative lifestyles

Additionally, there are a number of areas of interest to us where we favor companies that clearly embrace the following:

Support for traditional Judeo/Christian values

- Honesty, Compassion, Diligence, Prudence and Creativity
- Support for quality products at fair prices and constructive stakeholder relations
- Support for a sustainable and healthy environment

- Support for charitable giving
- Support for the Jewish people and the state of Israel

Armed with this information, we are then prepared to make as strong an effort as possible to build investment portfolios that reflect our client's Christian worldview. We obtain the information on the objectionable practices of corporations from our affiliate **The Institute for Christian Worldview Research (ICWR)** and the information on the positive attributes of corporations from both ICWR and our friends at **American Values Investments** (http://www.americanvalues.com/). We believe these sources of information give Stewardship Partners the best database of CWI information that currently exists.

It is our hope that over time, we and other firms like ours may be able to gather enough assets under management to be able to adequately offset the negative impact on our culture that the many large and liberal Socially Responsible Investing (SRI) funds are having in the marketplace. As things presently stand, the Christian message is not often being heard in the financial and corporate marketplaces as the amount of money dedicated to CWI, while growing, is still small.

For a more in depth study of the topic of Christian Worldview Investing, please see our paper entitled ***"The Biblical Basis for Christian Worldview Investing"***.

CWI in Action - Examining Corporate Behavior

"Love must be sincere. Hate what is evil; cling to what is good" Romans 12:9 (NIV)

Below you will find an example of both a company that exhibits exemplary character, AFLAC, and one we avoid, Eastman Kodak, in our desire not to be co-owners of enterprises engaged in or supportive of activities which are harmful to our fellow man and our Lord's creation. **We believe, in the long run, both countries and companies that most align their activities with biblical principles will achieve the greatest success.**

The Good - AFLAC - Much More than a Loud Frustrated Duck

"Instruct them to do good, to be rich in good works, to be generous". 1 Timothy 6:18a (NIV)

AFLAC, one of our long-term holdings in our US Equity CWI Portfolios, is well known for its television commercials featuring an annoyed duck quacking out the company's name to people who do not seem to hear it. What most don't realize, however, is that **this is a company that has promoted family values and is very charitable.** While not a company identified directly as Christian, it does operate based on Judeo/Christian values. Included among these is the support that the company provides its employees, 70% of whom are women. Many are single mothers. The company has one of the most extensive onsite childcare facilities and has a liberal personal time-off policy. **Dan Amos, AFLAC's CEO, has stated that if you "give your employees everything they need to succeed, they will give everything they can to help the business succeed.** Working Mother magazine has awarded AFLAC a spot on its "100 Best Companies for Working Mothers" list and the company has received similar awards from Hispanic and Computerworld magazines. Fortune magazine has included AFLAC on its list of 100 best companies to work for and AFLAC has also been included on the list of the 50 best companies for minority workers.

AFLAC has also generously supported a variety of values oriented groups and has placed a particular emphasis on giving to cancer research. In recent years the company has pledged nearly $20 million to a variety of cancer research centers.

Additionally, ICWR has identified AFLAC as a company that has advertised on family friendly shows that promote worthwhile values and avoid foul language, violence and sexual content.

AFLAC is a leader in the insurance industry providing shareholders with high and steady returns for many years. Its principal source of income comes from the company's Japanese operation where it insures one in four Japanese households. It is making better inroads in the US as well due to its now famous duck commercials.

AFLAC's good works are no guarantee of long-term investment success but, as Christian Worldview Investors, we know we are at least engaging in good Biblical stewardship as we seek favorable investment returns through ownership of this company.

The Bad - Eastman Kodak - Funding Abortion and Homosexuality

"Things that cause people to sin are bound to come, but woe to that person through who they come" Luke 17:1 (NIV)

Eastman Kodak is a long time stalwart of American industry. Its photographic products have enabled hundreds of millions of families worldwide to preserve family memories. **Regrettably, the company has in the past utilized shareholder funds to assist People for the American Way, a very liberal organization founded by Hollywood producer Norman Lear that is an active supporter of abortion rights as well as many other causes of concern to Christians.** One of the goals of Stewardship Partners is to obtain justice and have mercy for the defenseless via the influence we have with the investments under our control. **Accordingly, we are unwilling to be co-owners in this company given that it is using shareholder money to fund a group that promotes the murder of unborn children.** Moreover, it is our long term objective to be able to persuade companies like Eastman Kodak that promote abortion to repent of this heinous activity and instead refocus their charitable efforts on projects that promote life rather than destroy it.

Unfortunately, Eastman Kodak management has also been heavily supportive of the sin of homosexuality. Kodak has donated hundreds of thousands of dollars in shareholder money to homosexual causes, used shareholder funds to sponsor homosexual events, advertised in homosexual magazines and offers employees both domestic partner benefits and company-sponsored group meetings. It has also extended its non-discrimination policy to include gender identity, which is another indicator that this company is on the leading edge of supporting the homosexual lifestyle in corporate America. The company has won the highest possible rating from the leading pro-homosexual group - the Human Rights Campaign – and has received numerous other accolades from homosexual groups for its numerous pro-homosexual activities. Members of Eastman Kodak's management team have also testified before the US Congress in support of homosexual issues and the Family Research Council reported that the company fired an employee who objected to a company memorandum instructing employees to observe a day honoring the Human Rights Campaign's 15th anniversary and to assist homosexuals and transgendered workers to feel comfortable in sharing their orientation in the workplace.

While we do not invest in companies such as Eastman Kodak that are the most active promoters of the sin of homosexuality, Stewardship Partners does not believe homosexuals should be discriminated against. Rather, **Christians should seek to minister in love to those caught up in this sin just as we would to people trapped in other sins or as we would desire to be ministered to regarding our own sins.** We believe it is appropriate for Christians to make whatever efforts we can to undermine Satan's attempts to destroy our fellow men and women's souls by seducing them into this sinful lifestyle. For those already ensnared in this sin, we should reach out in love and seek to compassionately share the truths of scripture with them in hope of bringing them to repentance. We hope one day corporations will offer programs that minister to this segment of the population instead of taking actions which endorse and even promote the sin of homosexuality. Despite efforts to distort the Bible's teaching on this subject, in some cases by well intentioned Christians, God's word is very clear that homosexuality is a sin that harms those involved in this lifestyle. There is ample evidence of physical harm caused to many engaged in homosexual behavior but we are equally concerned about the emotional and spiritual damage this lifestyle causes to its adherents. **Since we seek to invest in companies that are a blessing to mankind, we do not invest in companies that are among the most active in endorsing or promoting homosexual behavior.**

Stewardship Partners — Ministry Commentary

Our Ultimate Goal - Funding the Lord's Work

"Therefore go and make disciples of all nations" Matthew 28:19a (NIV)

It is our hope that Stewardship Partners will be able to produce wealth for you thereby helping you to both share with God's people who are in need and assist in fulfilling the great commission. Our non-profit ministry affiliate, Wall Watchers, provides a free service to help you educate yourself about the many wonderful Christian giving opportunities available to wise donors. We invite you to join the over 75,000 other monthly visitors to our ministry's website at www.MinistryWatch.com, the internet's top site for donors to Christian ministries. Should you desire to have someone show you how to best use the www.MinistryWatch.com site, please contact Ken Carter at 704-841-7828 or kcarter@wallwatchers.org. We would be pleased to be able to help you bless God's people who are in need. Ken would also be happy to sign you up for our monthly e-mailed newsletter, Ministry-Direct that keeps you informed about important matters in the world of Christian ministries. You can also sign up yourself on our website. Additionally, Wall Watchers offers a bi-weekly e-mail newsletter with updates from our stewardship education site www.theGoodSteward.com which is visited nearly 25,000 times each month by Christians seeking wise, Biblically-based counsel.

MinistryWatch.com Shining Light Ministry – International Aid

"Whatever you did for one of the least of these… you did for me". Matt 25:40 (NIV)

International Aid (IAD) enables, empowers, and encourages those who serve the poor and needy by providing food, health, and hope in the name of Jesus Christ. It was founded in 1980 by a group of Christian businessmen who had a passion for providing goods and resources to Christians involved in relief and missionary activities. Mission hospitals, clinics, orphanages and churches across the globe have benefited from the ministry's efforts. Almost 350 different health care facilities are supported by IAD in 50 countries. IAD's work is focused on two areas: disaster relief and health care infrastructure. The gospel message is an important component of IAD's work as Jesus' commands to minister to the "least of these" (Matt 25:40) and to "go and make disciples of all nations" (Matt 28:19-20) are the verses that are the inspiration for IAD's ministry.

IAD is also a good steward of the gifts given to it by discerning donors. **MinistryWatch.com gives the International Aid a five star Financial Efficiency Rating and an "A" Transparency Grade. In fact, this ministry has the eighth best Financial Efficiency Rating in our database. While its rating is helped by the large amount of gifts-in-kind the ministry receives, it nevertheless is a ministry that is performing great work for the cause of Christ. IAD was recently featured as one of the MinistryWatch.com's 30 Brightest Shining Light Ministries. Click on this link for the full report on all thirty ministries.**

The Christian Ministry Marketplace – Helping Donors Give Wisely

"A generous man will prosper, he who refreshes others will himself be refreshed" Proverbs 11:25

Much like the stock market provides for a sensible and efficient allocation of capital in our economy, the rise of a Christian Ministry Marketplace is providing donors with a myriad of helpful resources to maximize the impact and joy of giving to the work of the Lord. As donors begin to take their giving as seriously as their investing, they will find the assistance offered by

the groups listed below to be invaluable. By utilizing these resources, donors are not only likely to make better personal giving decisions, but are also contributing to the growth in the marketplace itself. By so doing, they are helping to lay a foundation for wiser giving for all who follow in their footsteps. Accordingly, we encourage donors to investigate how these groups might help you to give more wisely, achieve a greater impact and create increased joy for both yourself and receivers of your gifts.

The Christian Ministry Marketplace

Resources for Christian Donors

WHY give to Christian ministries?

Teaching on Stewardship:

- Crown (crown.org)
- Eternal Perspectives (epm.org)
- Generous Giving (generousgiving.org)
- Royal Treasure (royaltreasure.org)
- Sound Mind Investing (soundmindinvesting.com)
- The Gathering (thegathering.org)
- TheGoodSteward.com (thegoodsteward.com)
- MaximumGenerosity.org (maximumgenerosity.org)

HOW to give with a discerning mind?

Professional Advisors:

- CFPN (cfpn.org)
- Christian Community Foundation (thefoundations.org)
- National Association of Christian Financial Consultants (nacfc.org)
- National Christian Foundation (nationalchristian.com)
- Stewardship Alliance

Donor Advisors:

- Legacy (philannthropyatwork.com)
- Excellence in Giving (excellenceingiving.com)
- Calvin Edwards & Co. (CalvinEdwardsCompany.com)

WHERE to invest in kingdom ministries?

Ministry Research:

- ECFA (ecfa.org)
- Generous Giving (generousgiving.org)
- Geneva Global (genevaglobal.com)
- MinistryWatch.com (ministrywatch.com)
- Samaritan's Guide (www.acton.org/cec/guide/)

Ministry Mutual Funds:

- Nat'l Christian Fdn (nationalchristian.com)

Online Donation Services:

- Network For Good (networkforgood.com)
- Kintera (kintera.org)

Notable Christian Ministry Marketplace Member - Crown

"Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver". 2 Corinthians 9:7

Crown Financial Ministries is the result of the combination of Larry Burkett's Christian Financial Concepts ministry and Howard Dayton's Crown Ministries. Howard Dayton now runs the combined entity and has done an admirable job filling the hole left by Burkett's passing two years ago. Operationally, the ministry has made great strides and is listed among the 30 Brightest Shining Lights Ministries by MinstryWatch.com. **Crown's primary objective is to help Christians become better stewards of the financial resources so that more money can be freed up to accomplish the Lord's work.** Crown is well known for its comprehensive small group Bible Studies that have been sponsored by thousands of churches across the world. These Bible studies encourage sound Biblical financial management and encourage attendees to pay off debt and to utilize a budget to control spending. The benefits in terms of increased giving by those who have completed the Crown course has been documented by the ministry. Crown's goal is to reach 300 million people with these studies by September 2015. Crown's radio program, popularized by Burkett but now carried on by Dayton, reaches millions with sound Biblical counsel on financial matters. For sound advice on most any financial matter, including giving to the Lord's work, Crown's library of information on its website is an invaluable resource to donors.

Knowing Jesus Christ as Your Lord and Savior

While most of those reading this will have already established a personal relationship with Jesus as their Lord and Savior, it is very likely that many have not. If you are someone who has not yet turned your life over to your Creator, we would have failed you miserably if we presented only information relating to your investments yet did not share with you the most important information of all: truths which have eternal significance for your soul and that will have an overwhelmingly positive impact on your life on this earth.

The gospel message is a simple one, far less complicated than the global impact of rising oil prices or the effect of a revaluation of the Chinese currency. For most people, the first part of it is easy to relate to - you are a sinner. If you are anything like the rest of us (and you are) more often than you probably would like to admit, you either do, say or think something that is clearly wrong and which you are ashamed of. "But what's the big deal", you might say. "If everyone has this problem with sin, can't we all just accept the fact and try our best to get along?"

Well, on this earth, that is exactly what we try to do. We forgive one another's faults and press on with life. From an eternal perspective, however, there remains a problem. Our Creator, who loves us with a love that can only be described as extravagant, has prepared an eternal home for us that He very much desires to share with us. Unfortunately, in our sinful state, we are unable to enter into heaven, which is by its very nature perfect. Desperate not to be separated from us for an eternity, our God devised the only possible solution – a divine exchange. He sent His very own son, who was perfect and thus without sin, as a sacrifice to pay the penalty for our sins. In this exchange, Jesus bore, through His death, all of our sins, so that we in turn could receive all the glory that was due to Him. He was made sinful while we were made perfect and, in our now perfect state, we are able to enter into the eternal home our Lord has prepared for us.

What then gives each of us access to participate in this divine exchange? By responding to this incredible demonstration of extravagant love by our God through an amazing act of your own. As you let the realization of just what your Lord has done for you filter through your heart, mind and soul, you will unavoidably desire to humbly come before Him, acknowledging that it was your sin that led to His sacrifice and recognize His Lordship in your life. And with this step of faith, the divine exchange is completed in your life, and along with it, the assurance of eternal life with a Lord whose love for you knows no bounds. If you have not done so already, we encourage you to take this time to contemplate the issue of your eternal destination and to take that step of faith that will make all the difference in your life, both now and eternally. Based on my experience and the experience of literally millions of others throughout history, it is the most satisfying, enriching and worthwhile choice you will ever make. Years of wonderfully inspiring spiritual growth await you and, if the Bible ever seemed confusing to you in the past, you will now find its wisdom leaping off the pages and into your heart.

If we at Stewardship Partners can be of any assistance to you in this all important matter of your eternal destiny, please do not hesitate to contact us. Like Jesus, we also greatly desire to share an eternal heavenly home with you!

STEWARDSHIP PARTNERS

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