STEWARDSHIP PARTNERS
MARKET COMMENTARY

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We Thought 2006 Would Be a Good Year for Stocks, And it Was

"... give thanks to the Lord for his unfailing love and His wonderful deeds for men." Psalms 107:8 (NIV)

At the outset of 2006, we stated our belief that the year would likely be rewarding for investors. Wealth creation opportunities seemed numerous to us given the global glut of savings and labor as well as strong corporate earnings. Despite an abundance of skeptics following the more tepid returns of 2005, stocks got off to a fast start in early 2006. Share prices then mistakenly stumbled in mid-year due to rising but ultimately unwarranted inflation and recession concerns. As investors realized their anxiety was misplaced, stocks rallied strongly during the second half of the year, continuing the bull market that began nearly four years ago (see Chart 1). Helping stocks climb higher was not only the dwindling inflation and recession worries but also the related Fed decision to cease its strategy of raising short-term interest rates. Also aiding the stock market's performance was stronger than expected economic and corporate earnings growth. Both the economy and corporate management proved to be as relentless and flexible as we had expected in their pursuit of success. Not even a sharp downturn in the US housing market could undermine the expansion as strong global economic growth, spurred by the rapid development of the emerging markets, provided companies with many avenues to enlarge their shareholders' wealth. Increasing adoption of democracy and capitalism around the world has indeed benefited investors. As seen in Table 1, the US shares had attractive returns but foreign shares performed even better, aided by a weaker US dollar. Large cap stocks finally surpassed the returns of smaller stocks but high-quality stocks and growth stocks continued to lag significantly.

Chart 1

Stocks Finish Strong in 4th Year of Bull Market
S&P 500 Index

Source: ISI

Table 1

4Q06 & 2006 Total Returns

US Indices	4Q06	YTD
S&P 500	6.70%	15.80%
Morningstar Large Cap. Value	8.02%	25.78%
Morningstar Large Cap. Growth	5.58%	5.68%
NASDAQ	6.95%	9.52%
S&P 400 (Mid Cap)	6.65%	8.99%
S&P 600 (Small Cap)	7.60%	14.07%
Treasury Bonds	0.39%	1.40%
High Grade Corp. Bonds	1.54%	3.89%
Gold	6.08%	23.92%
Global & International Indices		
MSCI World	8.37%	20.06%
MSCI EAFE	10.35%	26.34%
MSCI Euro	11.47%	35.0%
MSCI Far East	6.21%	8.78%
MSCI Japan	5.00%	6.24%
US Economic Sectors (Price Change Only)		
Energy	10.73%	22.22%
Utilities	8.28%	16.87%
Materials	10.74%	15.73%
Consumer Staples	2.94%	11.76%
Health Care	0.99%	5.78%
Industrials	5.34%	11.02%
Consumer Discretionary	9.82%	17.23%
Financials	6.33%	16.16%
Technology	5.95%	7.70%
Telecom	7.82%	32.13%

Source: Merrill Lynch, MSCI, NDR

Stewardship Partners' Global Concentrated portfolios (made up of our best 15 stocks) turned in the best performance in 2006, rising nearly 30% for the year, over 9% above the benchmark. Our Global portfolios rose 20.8%, also beating the index. Our Small/Mid Cap BRI portfolios also bested the S&P 1000 Index in 2006. The underperformance of growth stocks in 2006 was quite striking in the US and proved to be a hurdle we could not overcome in our US BRI portfolios. The Morningstar Large Cap Value Index rose 25.8% while the Morningstar Large Cap Growth Index climbed a meager 5.7%. High quality stocks also lagged again in 2006, hurting our US returns. Preliminary results indicate that our US BRI portfolios rose roughly 9.5% for the year, better than the growth indices but behind the S&P 500. Our Global Balanced accounts slightly trailed their index, All returns noted are gross returns.

Table of Contents:

Will Central Bank Policy Success Continue in 2007?

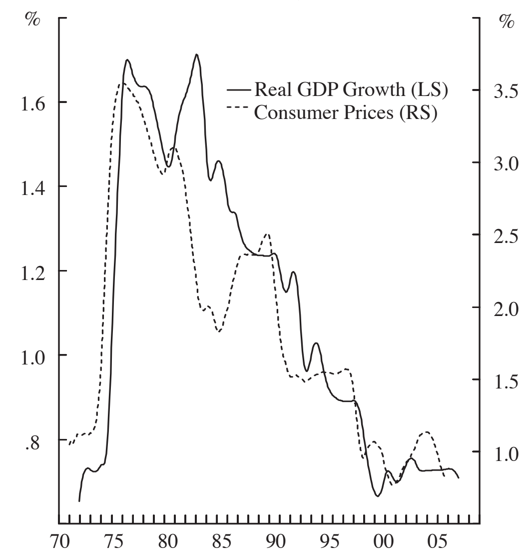
"In everything he did, he had great success." 1 Samuel 18:14a (NIV)

Central bankers around the world should be congratulated for their diligent pursuit of price stability over the last twenty-five years. Their success at significantly lowering inflation expectations and stabilizing global economic growth (see Chart 2) has had many beneficial consequences for the financial markets, corporate planners and individuals. Recessions have become much rarer and, when not avoided, much shallower than in the past. Much of this success can be traced to very flexible and skillful management of monetary policy, particularly in the United States. The emergence of the European Central Bank as a formidable and trusted policymaker by investors also contributed to these improving trends. More recently, the successful transition of the US Federal Reserve Chairmanship from Greenspan to Bernanke has allowed investor confidence to remain high that the man at the helm of the world's largest economy is both wise and adroit.

Chart 2

Evidence of Central Bank Success

10 Year Moving Standard Deviation of Global Real GDP Growth & Consumer Prices



Source: BCA Research, OECD

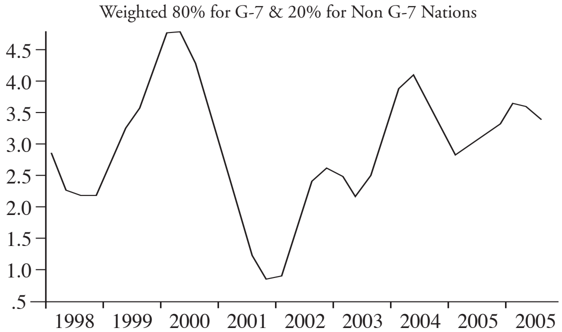
Chairman Bernanke inherited his position at a very sensitive time. Commodity prices were spiking higher and inflation expectations were building even as the Fed's long period of gradual rate increases were beginning to threaten the strength of the economy. Having passed his initial test with flying colors by apparently directing a successful moderation in economic growth, Bernanke is now faced with a situation where he has significantly more room for maneuver. The economy appears to have avoided a recession and may even reaccelerate in 2007. Inflation is clearly in a declining trend although it has not yet re-entered the Fed's 1-2% "comfort zone". Economic activity is moderating globally (see Chart 3) and commodity prices have retraced substantively. Accordingly, the risk of the Fed making a serious policy mistake at the current juncture has receded. This favorable development should be increasingly recognized by market participants as 2007 proceeds. While hopes the Fed might lower rates could be dashed by renewed US economic vigor, investors may eventually recognize the monetary policy environment has become safer.

Chart 3

Global Economic Activity Moderating

Global Real GDP YoY % Change

Weighted 80% for G-7 & 20% for Non G-7 Nations



Source: ISI

The diminished possibility of a serious policy mistake is quite favorable for the markets, but there is never a shortage of economic issues to preoccupy perpetually skittish investors. Investors may fear signs of recovering economic activity, aided by lower oil prices, may lead to further rate increases, thereby depressing future earnings growth expectations and P/E multiples. Certainly, the bond market's recent fall is indicating it fears moderate economic growth may no longer be an appropriate expectation. Alternatively, if the job market tightens much further and/or wages continue to accelerate (see Chart 4), the Fed is unlikely to back off of its tightening bias given its desire to hold down long-run wage inflation expectations. It has long been our belief that the greater risk is not weaker economic growth but stronger. The ever-flexible US economy is fundamentally biased towards expansion and investors have consistently underestimated its resiliency in recent years. This could keep the Fed "in play" for a considerable period and the

Chart 4

Wage Growth is Accelerating Due to Tight Labor Market

YoY % Growth of Average Hourly Wages

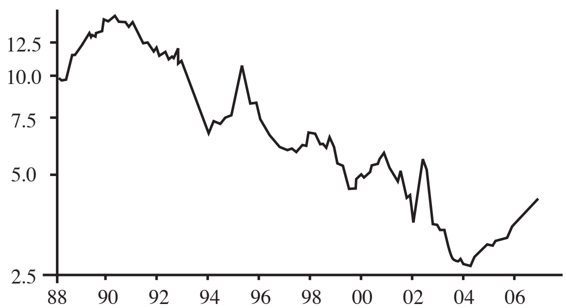
Source: Haver, Bear Stearns

Chart 5

Rising Global Short Term Rates Stymie Growth

Global Short Term Interest Rates

Weighted 80% for G-7 & 20% for Non G-7 Nations



Source: ISI

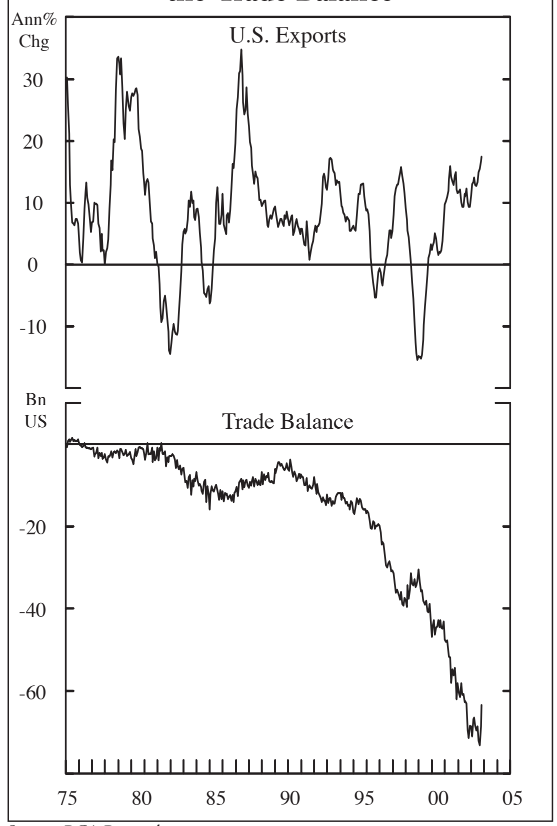
market may need to factor in the possibility of further rate increases rather than rate cuts. We would expect a quick reaction from the Fed if inflation expectations begin to climb again and this is something the market would not appreciate.

While the US economy may already be moving toward reinvigorated growth, risks remain overseas. The Japanese central bankers seem to be at risk of taking an inappropriately aggressive interest rate posture, which could undermine the opportunity for the nation to finally put deflation behind it. The European Central Bank also appears to be on a path that may lead them to overshoot on rate increases. Given very contained growth and inflation expectations in Europe, investors might reasonably expect more conciliatory rhetoric and actions to be forthcoming from its central bankers. Still, policy makers' tough inflation talk continues and, with it, the risk of a monetary policy mistake leading to a recession. Even China's economy appears to be moderating somewhat. Moreover, global short-term interest rates are still rising (see Chart 5). These higher short-term rates, and the accompanying inverted yield curves that result, must be monitored closely to see if economic activity, even in the US, might get inadvertently throttled.

The potential for overseas economic policy mistakes clearly warrants close observation, but we believe that the weight of evidence argues for slightly above average economic growth in the US with core inflation may remain stubbornly, if only slightly, above the Fed's "comfort zone". Stabilization in the housing market, should it continue, will remove one drag on economic growth in 2007. Better results from foreign trade should also boost 2007 US economic performance. The weak US dollar has improved US competitiveness leading to strong export growth and a stabilization in the trade balance (see Chart 6). Lower oil prices will also help lower imports. Rising US growth, stable to rising short-term US interest rates, moderating overseas economic activity, as well as an improved current account and trade picture could also allow the US dollar to defy the consensus and remain relatively stable or even strengthen during 2007.

Chart 6

Weak US Dollar is Helping Exports & the Trade Balance



Source: BCA Research

Middle East Meltdown?

"He will be a wild donkey of a man, his hand will be against everyone." Genesis 16:12 (NIV)

Economic risks seem to be diminishing, but the possibility of problems arising in the Middle East that may have serious consequences for the financial markets is clearly rising. While many of the past wars and political disturbances in this region have not had much relevance to global economic growth, corporate earnings power or interest rates, the potential for future conflicts to have negative ramifications is increasing. Most disturbing, particularly in light of how some Bible scholars interpret prophecies in the book of Ezekiel, is the growing political/military alliance between an increasingly menacing and soon-to-be nuclear Iran, and Russia. Russia has shielded Iran from UN sanctions and has given it sophisticated anti-aircraft weapons to help protect from possible efforts by Israel, and maybe even the US, to destroy Iran's nuclear program. With US forces on the ground in Iraq, Russia determined to be influential in the Middle East (using Iran and Syria as its proxies) and Israel set on eliminating the threat of nuclear annihilation by Iran - possibly by using its own nuclear weapons - the opportunity for globally destabilizing developments in the Middle East cannot be ignored. It is not hard to imagine a situation where Israel would conduct a pre-emptive strike on Iran's nuclear facilities which could in turn spark an Iranian missile attack on Israel and perhaps US forces in Iraq as well. Hezbollah forces in southern Lebanon, backed by Syrian and Iranian weapons (initially supplied by Russia) would also likely join the attack on Israel. Hamas would also do its best to join its Arab brothers in doing battle against Israel. Such a scenario is just one of many possible disconcerting developments that are realistically feasible in the current environment in the Middle East. Markets would surely react negatively to the use of nuclear weaponry and even more so should a broader conflagration erupt in the aftermath of any attack on Iran's nuclear capabilities. While the probability of such a turn of events may still be low, it must be acknowledged that it is a risk that must now be given serious consideration. Our hope is that diplomatic efforts will convince Iran to forego its nuclear ambitions, but we are not optimistic about this, particularly given the Iranian president's apparent belief that he might be Islam's twelfth Mahdi, who, it is believed, will come to fulfill Koranic prophecy amidst great turmoil.

Even if Iran did halt its efforts to obtain nuclear arms, we would still be concerned. The desire of Iran and of tens of millions of militant Islamic radicals throughout the world would still remain the elimination of Israel. As these groups make attempts at achieving their goal, they will continue to lash out at the US, Israel's biggest ally. Unfortunately, there really is no long-term diplomatic solution to this problem of Islamic hatred of Israel and the US. Ultimately, their beliefs mean they can accept nothing less than the eradication of the Jewish state. The best that can be hoped for is that which has existed in the past - the Middle East constantly on edge but with significant warfare usually being avoided.

Unfortunately, preventing more serious warfare through constant diplomatic and tactical military efforts seems unlikely to persist forever. Recently, Islamists have been emboldened by their perceived successes in both the insurgency in Iraq and the 34-day Hezbollah/Israeli war this past summer. We would not be surprised by further efforts to capitalize on these "victories" by pressing the attack in Israel and on US forces in the Middle East. Iranian- and Syrian-backed efforts to further the civil war in Iraq may be intensified as political pressure for withdrawal in the US escalates. President's Bush's intention to counter these efforts more aggressively also raises risks of unintended consequences. In the end, the greatest danger for the West is still from Al-Qaeda. While the Bush administration has been very successful in preventing any further attacks from this severely weakened terrorist group after 9/11, we can never fully know what their capabilities might be until they attack again. As seen in Table 2, Al-Qaeda is not the most active of the well-known Islamist terrorist groups, but it is easily the most lethal. Table 3 highlights the fact that the Middle East accounts for well more than half of all terror fatalities.

Table 2

Terrorist Incidents by Group since 1/1/2000

	Number			Percentages		
	Incidents	Injuries	Fatalities	Incidents	Injuries	Fatalities
Hamas	536	1789	415	41.5%	21.7%	8.3%
Al-Qaeda	**29**	**3727**	**3233**	**2.2%**	**45.2%**	**64.7%**
Fatah	149	1023	302	11.5%	12.4%	6.0%
Islamic Jihad	229	1027	205	17.7%	12.4%	4.1%
Taliban	350	688	841	27.1%	8.3%	16.8%
Total	**1,293**	**8,254**	**4,996**	**100.0%**	**100.0%**	**100.0%**

Source: Memorial Institute for the Prevention of Terrorism

Table 3

Terrorist Incidents by Region since 1/1/2000

	Number			Percentages		
	Incidents	Injuries	Fatalities	Incidents	Injuries	Fatalities
Africa	245	1,650	1,239	1.2%	2.4%	3.5%
East & Central Asia	86	119	69	0.4%	0.2%	0.2%
Eastern Europe	881	3,910	1,444	4.2%	5.8%	4.1%
Latin America	1,466	2,329	1,428	7.0%	3.4%	4.1%
Middle East/Persian Gulf	**10,593**	**36,622**	**19,976**	**50.4%**	**54.0%**	**57.1%**
North America	97	2,391	2,911	0.5%	3.5%	8.6%
South Asia	4,156	14,821	6,133	19.8%	21.8%	17.5%
Southeast Asia	1,211	4,464	1,353	5.8%	6.9%	2.9%
Western Europe	2,285	1,546	339	10.9%	2.3%	1.0%
Total	**21,020**	**67,852**	**34,972**	**100.0%**	**100.0%**	**100.0%**

Source: Memorial Institute for the Prevention of Terrorism

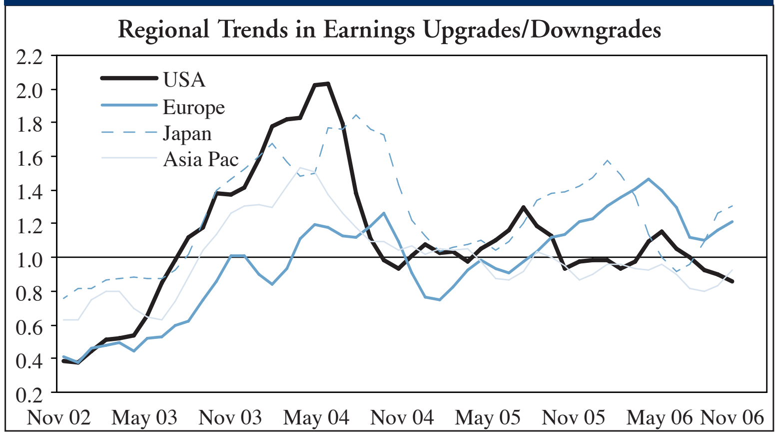
One of Stewardship Partners' Foundational Principles is that we are optimistic regarding the long-term ability of corporations to create wealth for shareholders. The forces of good have always eventually defeated the forces of evil during the long course of world history. But our bias towards optimism does not mean we ignore reality. Moreover, we are fortunate to be equipped with knowledge of the Bible which contains prophecies that warn believers, in inexact terms, of future events. Still, Jesus himself said, "No one knows about that day or hour, not even the angels in heaven, nor the son, but only the father." But Jesus further instructs us to pay close attention to the signs of the times, and that is our intention. Prudent understanding of the Bible is one clear advantage Christian investors have over secular-minded investors. Prayer is an even more important advantage!

Share Price Melt-Up?

"Did they stumble so as to fall beyond recovery? Not at all!" Romans 11:11a (NIV)

Should the concerns noted above be averted, we believe equities could again become the asset of choice for investors. Moderating economic activity often helps create the additional liquidity needed to fuel surges in share prices. Money supply has also typically accelerated once the Fed stops raising interest rates, and this has occurred once again with the US money supply rising at a rapid 11.5% annualized rate over the last three months. This surge of liquidity certainly contributed to the strong fourth quarter performance of equities and may continue into 2007 as economic activity globally continues to moderate. With institutional investors conceivably becoming less enamored with the outlook for real estate and commodity returns in 2007, asset allocation shifts could lead to additional funds being freed up for equities, potentially adding to the surge in liquidity that should benefit share prices.

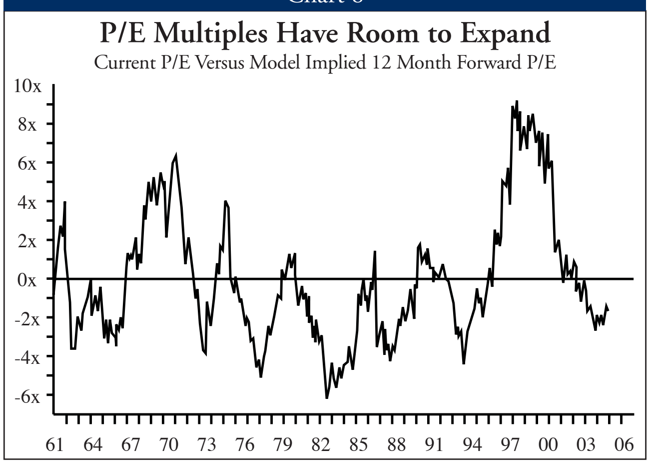
Chart 7



Source: ISI

After the long bull run in the second half of 2006, however, the market appears somewhat extended from a technical perspective. Furthermore, investor sentiment readings have advanced close to levels that typically signal short-term caution is warranted. It would not surprise us if stock prices struggled for a period before moving on to higher ground. The high levels of liquidity and the strong seasonal trends favoring higher stock prices early in the year may limit any correction, but a temporary period of consolidation seems to be a reasonable expectation at this time.

Chart 8

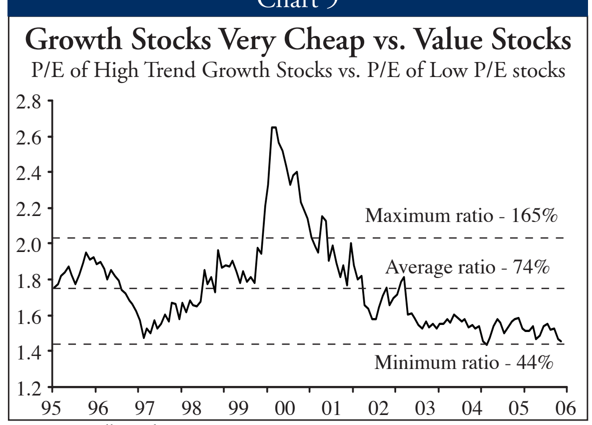


Source: Bear Stearns

Earnings expectations in the US are currently muted (see Chart 7) and could surprise on the upside in 2007 if the economy recovers faster than most now anticipate. European earnings expectations could weaken as growth slows in both Europe and in their Asian export markets. Japanese earnings expectations are rising more because of corporate efforts to maximize profitability than strong domestic economic growth. Asian earnings expectations are already low and could rebound should China's economic growth not slow as much as some now expect. In general, we do not expect any major surprises on the earnings front in 2007. Earnings globally should be relatively solid but not spectacular. On the other hand, there appears little likelihood of earnings faltering significantly enough to undermine share prices.

While earnings may not provide much excitement for investors in 2007, a rising willingness of investors to pay up for those earnings might. There is certainly room for P/E multiples to rise in an environment of excess liquidity and few exciting investment alternatives. Adding to the prospects for rising multiples is both the $750 billion in cash private equity firms are said to be ready to deploy and a high level of corporate share repurchases. While we expect that the Fed may not lower rates in 2007, which may hinder the expansion of P/E multiples, the liquidity surge could easily overcome this factor. Moreover, while stock prices have surged, earnings have surged even more leading to multiples remaining at attractive levels with upside potential (see Chart 8). The P/E multiples of growth stocks are also at very attractive levels, a situation that, if reversed, could be very beneficial to Stewardship Partners' portfolios. As seen in Chart 9, the valuation of growth stocks is at a historical low point following seven years of retracement from the insane levels of the bubble period. Growth stocks could be particularly explosive in a melt-up scenario.

Chart 9



Source: Merrill Lynch, MSCI, IBES

A Wide Range of Possible Outcomes in 2007

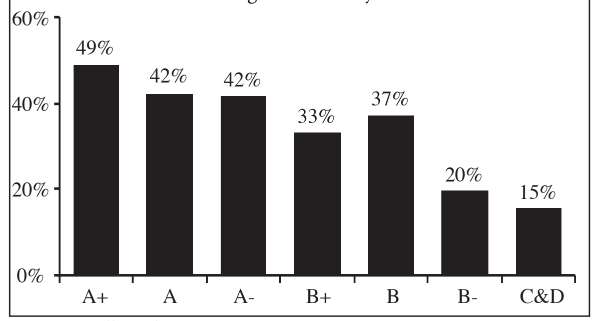
"I still had no peace of mind." 2 Corinthians 2:13a (NIV)

Belying the relative stability we expect in most key economic indicators in 2007, the outlook for share prices is much more uncertain. Should a liquidity surge lead to a melt-up in share prices, returns on Stewardship Partners' portfolios could prove to be very attractive. On the other hand, if rising tensions in the Middle East undermine investor confidence or terrorist attacks on vital Western interests occur, the financial markets might ignore the attractive economic conditions as shareholders choose safety over risk-taking. Our melt-up scenario is not our base case, nor is our concern about a Middle East meltdown. Both are, however, somewhat extreme possibilities that should not be ignored. A more moderate advance in share prices reflecting investor anticipation of moderate earnings growth and a higher P/E, while simultaneously discounting the chance of rising geopolitical turmoil, is equally probable. We are starting 2007 with the thought that the market may need a period of adjustment before moving higher. We believe that, unlike 2006, we may be called upon to trade more frequently should changing circumstances dictate such a course of action and provide opportunities to add value to our portfolios.

Chart 10

Quality Stocks Perform Well During a Profit Slowdown

Average Performance by Quality Grade when Profits Decelerate During the Last 4 Cycles

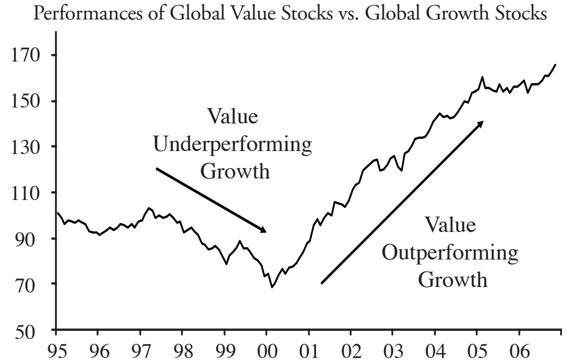


Source: Merrill Lynch, S&P

Chart 11

Growth Stocks Overdue for Outperformance?

Performances of Global Value Stocks vs. Global Growth Stocks



Source: Merrill Lynch, MSCI, IBES

Should violence in the Middle East or terrorist activity fail to occur at any significant level, we are hopeful that Stewardship Partners' biases towards quality, large cap, growth stocks will begin to work in our favor. Already, large cap stocks have begun to outpace smaller and mid cap stocks. High quality stocks, however, continue to struggle. As seen in Chart 10, however, High quality stocks have tended to outperform during decelerations in profit growth. With profit growth expected to slow in 2007 from a torrid pace in recent years, our portfolios may benefit.

As noted earlier, value stocks completely trounced growth stocks in 2006, extending to seven years the market's preoccupation with the value style (see Chart 11). We would be surprised to see value beat growth for an eighth straight year in 2007. In a period when earnings growth is slowing, investors may come to value more highly those companies that can still produce relatively high rates of earnings growth. Many of our growth holdings produced extremely solid earnings in 2006, yet the stock prices often failed to reflect this. We do not believe this can continue and sense that many of our holdings will play "catch-up" with the rest of the market in 2007.

While the outlook for share prices is uncertain in 2007, we remain confident in the longer-term opportunity for shareholders. The global glut of labor could remain in place for more than a decade as the Chinese and Indian populations become increasingly urbanized (see Table 4). This should have salutatory effects on global inflation trends and help provide a platform for long-term, above average, non-inflationary growth. As a result, the next ten to twenty years may prove to be one of the best periods of wealth creation in economic history. The high quality, large cap, growth stocks that we typically invest in should be among the leading beneficiaries of such a favorable era of rapid growth in global prosperity.

Table 4

China & India to Supply Low Cost Labor for Years to Come

	Percentage of Population in Rural Areas		
	1980	**2005**	**2030E**
China	80.4%	59.5%	39.5%
India	76.9%	71.3%	58.6%

Source: BCA, United Nations

We at Stewardship Partners continue to be grateful for the opportunity to serve your investment needs. Please do not hesitate to contact us if you have any questions or if we can be of any assistance.

STEWARDSHIP PARTNERS

Biblically Responsible Investing COMMENTARY

Biblically Responsible Investing (BRI) - Investing as Jesus Would

"Blessed are they that maintain justice, who constantly do what is right." Psalms 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 Biblically Responsible Investing (BRI). 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 BRI 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 just some of the issues of concern to Stewardship Partners and the specific sinful activities that fall into each category:

1. **We desire <u>justice and mercy for the defenseless</u> so we screen out companies involved in:**
    - Abortion
    - Persecution of Christians and other oppressed peoples
    - Life destroying scientific research

2. **We desire <u>justice and mercy for the poor</u> so we screen out companies involved in:**
    - Political oppression
    - Any abuses of the poor, children and the elderly

3. **We have <u>compassion for those addicted and/or engaged in sinful lifestyles</u> so we screen out companies involved in:**
    - Alcohol, Gambling and Tobacco
    - Pornography
    - Homosexuality

4. **We want to <u>protect marriage and the family</u> so we screen out companies involved in:**
    - Entertainment that seeks to destroy biblically-based attitudes
    - Efforts to promote alternative lifestyles

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

- 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 both the objectionable practices and the exemplary attributes of corporations from our affiliate **The Institute for Christian Worldview Research (ICWR)** (www.ICWR.com). We believe this source of information give Stewardship Partners the best database of BRI 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 influence corporate behavior in a positive manner with biblical principles. As things presently stand, the Christian message is not being heard very effectively in the financial marketplace since the amount of money dedicated to BRI, while growing rapidly, still falls far short of that in liberal SRI funds.

For a more in depth study of the topic of Biblically Responsible Investing, please see our paper entitled ***"The Scriptural Basis for Biblically Responsible Investing"***.

BRI in Action – Comparing Good and Bad 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 attributes, Cisco Systems, and one we avoid, AT&T. We currently are proud owners of Cisco Systems in some Stewardship Partners' portfolios while we actively avoid ownership in AT&T in order not to be co-owners in 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 – Cisco Systems – Embracing Stewardship Principles

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

Cisco Systems is the worldwide leader in networking for the Internet. Founded in 1984 by a small group of Stanford University scientists, the company has grown to over 50,000 employees worldwide. It has been at the forefront of many important technological developments, most importantly, networking innovations that have allowed the Internet to become arguably the most influential and pervasive scientific advancement in world history. Cisco's products help not only governments and corporations manage complex networks but also enable the average person to easily establish a simple wireless network in his/her home. Cisco's hardware, software, and service offerings are used to create Internet solutions that allow individuals, companies, and countries to increase productivity, improve customer satisfaction and strengthen competitive advantage. The Cisco name has become synonymous with the Internet, as well as with the productivity improvements that Internet business solutions provide. Cisco's vision is to change the way people work, live, play and learn.

Cisco embraces many biblically-based stewardship principles throughout its operations. Few companies we research have such a wide array of comprehensive programs designed to ensure that the company is a good steward in every facet of its organization. Indeed, Cisco maintains a "Stewardship Council" which is a cross-functional leadership team focused on integrating environmental, accessibility and social accountability in Cisco's operations and culture. This group has the authority to set corporate policies critical to the company maintaining a culture of stewardship over the resources at its disposal. It also can enforce its decisions and put in place systems to ensure proper accountability from Cisco's far-flung operations. One area in which Cisco excels is what it calls "product stewardship." This involves seeking enhancements to make its products more energy and resource efficient through improved design, increased longevity (thus no need to use resources to replace the product), programs to make it easier for customers to recycle old Cisco products and initiatives to make their products accessible to those with disabilities. Cisco recently won the 2006 Helen Keller Award from the American Foundation for the Blind for its leadership in making its products available to those with vision impairments.

Employees are any company's most valuable resource, and Cisco goes to great lengths to be a blessing to its staff. In the health care arena, studies have shown that Cisco offers one of the most attractive health care plans available among large high-technology companies. In conjunction with WebMD, Cisco also offers a Personal Health Manager service that helps employees identify health risks, improve their lifestyles and set and monitor health goals. Additionally, Cisco provides to its employees personal health coaching via phone, over the Internet or in person and also makes a 24-hour nurses hotline available to its employees for any health concerns they might have. Training and advancement opportunities abound at Cisco through Cisco University and Cisco's Leadership Series. Cisco also has made efforts to give women from Middle Eastern countries internships so that they can learn skills that might not be possible in their home culture. Additionally, Cisco has put in place a program to hire injured veterans. Cisco's overall compensation and benefit packages are also very attractive.

Cisco's charitable endeavors are extensive and have been part of the company's culture since its inception. Cisco recognizes that by improving the health of the areas in which it operates, it is promoting an environment of progress and innovation in which everyone can thrive. As one senior Cisco executive has stated, "We share our tools, talent and technology to help build stronger, more productive global communities." In 2006, Cisco gave away $115.5 million through its Foundation and direct corporate giving. It also uses its technology to help create products that aid non-profits to raise money and manage their affairs more effectively. Cisco has teamed with the government of Jordan to create an education initiative aimed at enhancing the quality of education in this historically poor country. Using this as a model, Cisco hopes to expand the initiative globally. It also has a similar program that targets poor, new immigrants to Israel. Volunteerism is also highly encouraged at Cisco with over 6,000 employees, representing about 15% of its workforce, giving over 160,000 hours of service to non-profit organizations in 2006.

Cisco's good works are, of course, no guarantee of long-term investment success. As Biblically Responsible Investors, however, this company's alignment with so many principles of biblically-based stewardship allows us to feel good about our ownership in Cisco. It is a company that we can be proud to own!

The Bad – AT&T – Anti-Family Activity, Homosexuality and Porn

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

AT&T, is one of the oldest and best known brands in corporate America. Founded as a result of Alexander Graham Bell's invention of the telephone in 1876, the company dominated the US telecommunications landscape for decades until a government imposed break-up of its business in 1984. Since that time, some parts of the original company have merged back together, and AT&T remains the leading US provider of local and long-distance phone service. It also controls the largest telephone directory business and the leading wireless communications network, Cingular, which serves nearly 60 million consumers.

Unfortunately, AT&T also is involved in a number of activities that are of concern to Biblically Responsible Investors. Among these is the company's support for television programs that contain offensive language, violence and/or strong sexual content. Within the last year, these have included "The OC", "That 70's Show" and "Two and a Half Men." Such programming can warp proper attitudes among some viewers about appropriate relationships and certainly do not edify viewers, particularly impressionable children and young adults.

ICWR, our corporate activity research affiliate, also has labeled AT&T as one of the nation's most active corporate sponsors of the sin of homosexuality. The company spends considerable amounts of shareholder funds supporting homosexual advocacy groups and shows unusually broad support for homosexuality through its corporate policies, which include a gender identity clause in its non-discrimination policy.

AT&T also offers pornography via its affiliation with the Dish Network and directly through its BellSouth division. Channels offered include Spice, Playboy and the Erotic Network, among others. Biblically Responsible Investors are unwilling to have the wealth the Lord has given them temporary stewardship over to be used in any manner that would aid or benefit from pornographic activity.

We take no joy in excluding AT&T from consideration, but our compassion for our fellow men and women caught in the sins AT&T supports causes us to look elsewhere to achieve superior investment returns. While AT&T also has admirable traits, its support for these sins are significant enough for Stewardship Partners to avoid this stock. We hope that one day we will be able to have a positive influence on the management of companies like AT&T and help them steer clear of issues like these.

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' ability to produce wealth for you will help you to 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 90,000 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 Rod Pitzer at 704-841-7828 or rpitzer@wallwatchers.org. We would be pleased to be able to help you bless God's people who are in need. Rod would also be happy to sign you up for our monthly e-mailed newsletter, MinistryDirect, 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 monthly 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.

Featured Ministry – Christian Friends of Israel

"I will bless those who bless you." Genesis 12:3a (NIV)

Stewardship Partners looks favorably upon companies and countries that bless the nation of Israel and the Jewish people as this is in line with the teaching of the Bible. It is also common sense as a blessing is promised for those that do bless the Lord's chosen people. Moreover, few people groups could claim to have suffered as much as the Jewish people over the centuries and often times this suffering was imposed upon them by professed Christians! Therefore it is both Biblical and natural for us to have compassion on the Jews. One practical way in which this can be expressed is by supporting the ministry of the Christian Friends of Israel. This ministry has many programs that reach out to those that are needy in Israel. This includes programs to aid Israeli soldiers and their families by bringing them care packages and visiting with the families of the wounded and fallen. CFI also reaches out to support Holocaust survivors, to victims of terror attacks in Israel and to new immigrants to Israel with personal visitations as well as financial assistance.

Another ministry of CFI is to inform Christians worldwide of God's plan for Israel and the Church's responsibility to the Jewish people. They also seek to make the Jewish people aware of our solidarity with them. Various publications and conferences help to achieve these ministry goals. Christian Friends of Israel offers Christians desiring to be a blessing to Israel a very practical way to express love to the Jewish people. For more information on this ministry please see www.cfijerusalem.org and www.cfi-usa.org.

The Christian Ministry Marketplace – Helping Donors Give Wisely

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

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
to 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)
- Strategic Resource Group (srginc.org.)

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 (acton.org/cec/guide/)

Ministry Mutual Funds:

- Nat'l Christian Fdn (nationalchristian.com)

Online Donation Services:

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

Featured Ministry Marketplace Participant – Samaritan's Guide

"But a Samaritan …came where the man was and …took pity on him." Luke 10:33

The Samaritan's Guide is a online tool that Christian donors can use to gather information on the program effectiveness of smaller local charities. Sometimes, these smaller charities are affiliated with larger organizations that you would not normally be able to retrieve information on from other sources. The focus of Samaritan's Guide is to provide as much program information as possible so that donors can make wise charitable decisions. It is also the desire of the site's sponsor, the Acton Institute for Effective Compassion, to help donors to build better relationships with the charities they support so that they might become more closely involved. One interesting aspect of the Samaritan's Guide work is its examination of a charity's implementation of World Magazine editor and the founder of the concept of compassionate conservatism, Marvin Olasky's principles of effective compassion.

The website allows users to search for different classifications of ministries by state. A variety of statistical analyses are available including one chart that compares the charity to its peers on five different program measures. The chart shows the range of total results for each measure in the peer group, the average for the peer group and the current ministry's result thereby allowing easy analysis of Samaritan's Guides findings. A small amount of financial information on the ministry is provided as well, although this is clearly not the focus of Samaritan's Guide. The Guide also provides contact information and links to the ministry website.

Samaritan's Guide also gives awards to the best non-profits in its database each year and provides lists of those award winners as well as other ministries that received excellent ratings from its analysis. The Samaritan's Guide can be found at www.acton.org/cec/guide/.

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!

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