STEWARDSHIP PARTNERS MARKET COMMENTARY

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Despite The Credit Crisis, 2007 Was Still A Very Good Year for Our Clients

"Now, our God, we give you thanks, and praise your glorious name" 1 Chron. 29:13 (NIV)

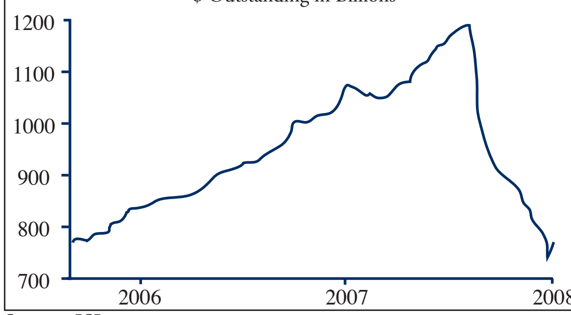
While 2007 got off to a nice start, the second half of the year was filled with drama and volatility. As the credit crisis emerged, the debt markets reacted with understandable fear. Once the Fed belatedly took action to confront the problems created by the seized-up credit markets, investors rushed back into equities although the market for some debt remained in free fall (Chart 1). When the Fed let down its guard at its October meeting, the markets once again tumbled. **As a result, the S&P 500 suffered a loss in the normally strong fourth quarter but managed to rise 5.5% for the year. Outside the US, markets performed better and the MSCI EAFE Index rose 11.2% aided in part by continued US dollar weakness (see Table 1).**

Chart 1

Credit Crunched!

Asset-Backed Commercial Paper Market Collapses

$ Outstanding in Billions



Source: ISI

As 2007 came to a close, investor focus was on the rising fragility of both US consumers and financial institutions that own their loans. With employment trends slowing and consumer debt levels extended, the prospect of a recession as well as a simultaneous, and perhaps substantial, credit contraction is shaking investor confidence. Accordingly, risk aversion is growing among investors as indicated by the sharp decline in equities at the outset of 2008, spiking gold prices, higher junk bond yields and falling US Treasury yields. Economic trends are all negative at the moment. There is only a slight possibility a recession could still be averted. Under these circumstances, the market will likely assume a recession will develop until evidence accumulates that suggests otherwise. Therefore, **2008 could be a volatile year as investors react negatively to both rumored and actual bad economic and earnings reports as well as positively to potential fiscal and monetary policy initiatives aimed at quickly restoring the economy to a more positive trajectory.**

Table 1

4Q07 Returns

US Indices	4Q	YTD
S&P 500	-3.3%	5.5%
S&P/Citigroup Large Cap Value	-5.4%	2.0%
S&P/Citigroup Large Cap Growth	-1.3%	9.1%
NASDAQ	-1.6%	10.7%
S&P 400 (Mid Cap)	-3.04%	6.69%
S&P 600 (Small Cap)	-6.68%	-1.22%
Treasury Bonds	5.3%	9.8%
High Grade Corp. Bonds	2.0%	4.7%
Gold	12.1%	31.0%
Global & International Indices		
MSCI World	-2.42%	9.04%
MSCI EAFE	-1.75%	11.17%
MSCI Euro	2.56%	21.57%
MSCI Far East	-4.77%	0.21%
MSCI Japan	-15.75%	-10.58%
US Economic Sectors (Price Change Only)		
Energy	4.4%	34.4%
Utilities	7.6%	19.4%
Materials	0.1%	22.5%
Consumer Staples	3.8%	14.2%
Health Care	0.0%	7.1%
Industrials	-4.6%	12.0%
Consumer Discretionary	-10.0%	-13.2%
Financials	-14.3%	-18.6%
Technology	0.1%	16.3%
Telecom	-5.1%	11.9%

Source: Merrill Lynch, MSCI, NDR, Strategas

Whereas early 2008 has so far been a challenging period for investors, **2007 was a very good year for Stewardship Partners' clients.** For the second year in a row, our Global Concentrated portfolios were our best performing accounts again rising nearly 30% and more than 20% above the benchmark in 2007. Our Global portfolios advanced 18% or 9% ahead of their benchmark and our International portfolios grew by 19.6%, 7.1% above the index. Our US accounts increased 10.9% or 5.4% of the S&P 500 while our SMID Cap portfolio returned 12.6% which was 7.5% ahead of its target. Our various balanced accounts also surpassed their indices. Only our Global Rising Dividends portfolio failed to best its benchmark in 2007. Tactical versions of all Stewardship Partners' portfolios did even better. All returns noted are gross returns and our success was aided by good stockpicking and the return to investor favor of growth and large cap stocks.

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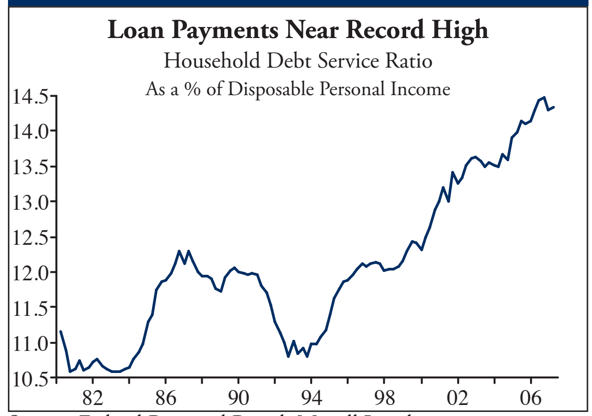
The Dimensions of the Coming Recession

"Fear the Lord, you his saints, for those who fear him lack nothing." Psalm 34:9 (NIV)

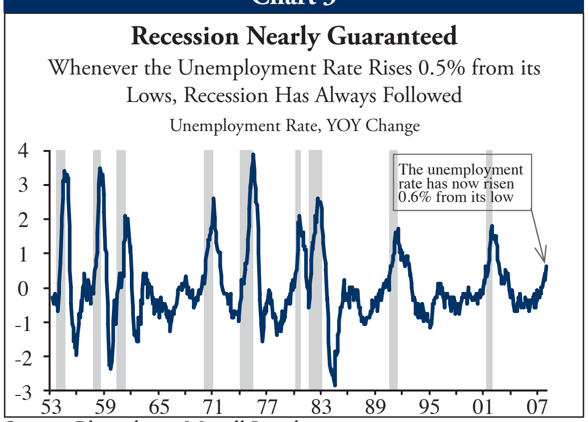
2007 was a banner year for Stewardship Partners but 2008 will certainly present greater challenges for all investors. We have long lauded US consumers for their ability to power the US economy higher. As long as US consumers are gainfully employed, they have been willing to spend all of their salary, not to mention whatever they could borrow. Now, it appears US consumers are facing their toughest test yet. Their employment prospects have dimmed and may yet worsen further in the months to come. Moreover, many no longer have the ability to borrow additional funds due to the decline in housing values as well as banks newfound reluctance to lend. Due to foolish past lending practices, banks helped spur the housing bubble that pushed home prices to unsustainable levels and created a huge excess of homes for sale. The US economy was able to handle the first order effects of the initial downturn in the housing industry. Now, however, it is all too apparent that house prices still have much further to fall before the industry stabilizes. This will further strain many consumers' already stretched balance sheets (Chart 2) and cause some to retrench. Due to bad debts associated with foolish top-of-the-cycle lending, banks have been, and will likely continue to be, busy tending to their own damaged balance sheets. This may constrict credit to even those more sensible consumers who did not get sucked in during the "free money" days. As a result, consumer spending, which accounts for roughly 70% of US economic activity, will almost certainly slow in 2008 and could actually contract depending on future employment trends. **We hope we are wrong, but it appears we are on the precipice of a recession, if not already in one, whose length and depth will have important consequences for financial markets.**

Chart 2



Source: Federal Reserved Board, Merrill Lynch

Chart 3



Source: Bloomberg, Merrill Lynch

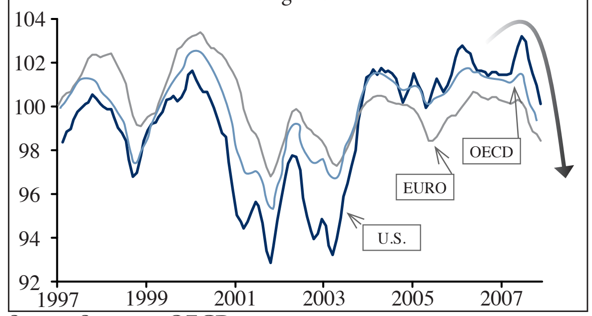
The dimensions of a recession will be influenced by many factors, not the least of which is the unemployment rate, where the current weakness indicates a high probability of recession (Chart 3). If employment levels soon stop deteriorating and hold relatively firm, this will allow heavily indebted consumers to more easily meet their debt payments and put their balance sheets in order through higher savings and perhaps timely refinancing of mortgage debt. Without a job, however, such savings and refinancing are impossible. The level of mortgage interest rates will also play a role in whether such re-financings are even helpful. If employment falters, however, the depth of the recession will be extended as more consumers endure the heartache of bankruptcy. Additionally, if consumer financial stress continues to worsen, already battered financial institutions will be facing additional loan losses which will act to extend the recession. In any event, the economy will have to endure further declines in home prices, probably over an extended period. This, in turn, will weaken all consumers' net worth and could lead to many of the most indebted turning their home's keys into their bank and walking away from their mortgage. Further adding to recession concerns is the apparent peaking in corporate profits. Corporations reduce employment and capital spending under such circumstances. The combination of a recession and a potential simultaneous bad debt crisis among financial institutions argues for a deeper and longer lasting period of economic weakness and a stronger, faster policy response than we have seen so far.

While the US economy may be the first country to enter into a recession, economic weakness is now becoming evident outside the US as well. The credit crisis impacted banks and asset managers around the world as many had been active in the markets for US securitized mortgage products that turned out to be of surprisingly low quality. Moreover, weakness in the US will unfavorably impact the many countries from which we purchase goods and services, perhaps leading to recession elsewhere. Chart 4 highlights the weakening trends in the leading economic indicators in developed economies. While the world's central bankers recently worked together to provide liquidity to address the credit crisis, they have been well behind the curve in addressing the growing economic weakness through lower interest rates. This may prove to be another factor that ultimately extends the period of time and the depth of the recession we believe may be looming. More aggressive monetary and fiscal policy responses are being formulated as we write this commentary but it appears to us that the Fed and the Federal government have unfortunately waited too long to act with measures required to avoid recession. It will now be important to monitor the measures taken to discern how these might shorten the duration and depth of the seemingly imminent recession. It also remains unclear how large the bad debt crisis will ultimately be. If problems with collateralized debt obligations and other non-mortgage consumer debts can be avoided, or if those financial institutions with bad debts can continue to easily sell new equity, this aspect of the current downturn might not add much additional economic and market stress. A larger bad debt crisis, however, could prove difficult to contain and may have serious ramifications for investors.

Chart 4

Leading Economic Indicators Pointing Down for Developed Economies

OECD Leading Indicator Indices



Source: Strategas, OECD

Even though a recession may now be unavoidable, there are a number of favorable factors that may help reduce its intensity. Continued economic strength in the emerging markets may help pull the developed world out of its slowdown sooner than otherwise might be the case. This assumes that the developing economies, such as China and Brazil, do not themselves get dragged down by weakness elsewhere in the world. There could be a benefit if they do falter, however. Commodity prices would likely fall precipitously thereby reducing inflation concerns and allowing the Fed to reduce interest rates more aggressively. The recession, should it occur, will not have been preceded by inventory excesses or wages spiraling higher. Since these normal recession precedents will not need to be corrected, any recession could prove to be shallow and short. Additionally, as has been seen already, Sovereign Wealth Funds stand ready to refinance the busted balance sheets of major US financial institutions with tens of billions in new investments, thereby helping to avert a wider bad debt crisis. Of course, the cost of this solution is increasing foreign ownership of some of our most strategic corporate assets. No matter what the outcome, Christians who fear the Lord, rather than the markets, will lack for nothing of true importance.

The Bernanke Market

"Every prudent man acts out of knowledge, but a fool exposes his folly." Proverbs 13 :16 (NIV)

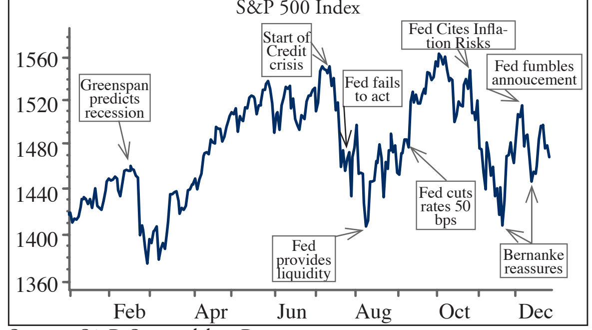
During the second half of 2007, as the credit crisis unfolded, major stock price movements at times seemed almost exclusively influenced by Fed policy actions. It has truly been the "Bernanke Market" since August 2007 (Chart 5). Unfortunately, the Fed under Ben Bernanke, is gaining a reputation for being too slow to recognize the severity of the problems facing the markets and for communicating the Fed's views inadequately. When the Fed met in early August, shortly after the onset of the credit crisis, they failed to take any action to indicate to the markets that they understood the full threat that the economy faced. This lead to an infamous on-air meltdown by Jim Cramer, the hyperactive CNBC celebrity, where he histrionically vented that the Fed had no idea what was going on in the markets. Shortly thereafter, the Fed seemed to awaken and took strident actions in mid-August and September that brought great relief to the markets. But just as investors were becoming comfortable that the Fed now

Chart 5

The Bernanke Market

Fed Actions Dictate Market Moves

S&P 500 Index



Source: S&P, Stewardship Partners

"got it", the Fed's statement after its next meeting on October 31 indicated that they were still in denial, believing inflation, rather than recession, to be the main threat to the economy. Markets immediately crashed again until "Bumbling Ben" made a speech late in November indicating he was actually aware that the economy was slowing significantly and the Fed would respond appropriately. Bernanke then further cemented his reputation as an absent-minded professor firmly ensconced in his ivory tower when he not only fumbled the announcement in mid-December of a new means of providing liquidity to the markets, catching many traders off side, but also continued to cling to the notion that the economic contraction unfolding before his eyes was not worthy of his full attention. In early 2008, the market decided it was concerned about the recession threat, even if "Bumbling Ben" was not, and sold off sharply. Bernanke once again reassured investors in a January intermeeting speech that he was indeed aware of the rising recession risks and substantive interest rate reductions were forthcoming. Many, however, believe more aggressive Fed action now might be too little, too late to avoid recession.

Clearly it is helpful to market behavior if investors have confidence in the Federal Reserve. The tendency of this Fed to be stingy in providing the economy the rapid rate relief it clearly needs and then later caving to market pressure for more is the definition of being "behind the curve". This is not the reputation any Fed chairman should aspire to. While investors may have had difficulty understanding Alan Greenspan's mystifying speeches, they felt very comfortable that he was more aware than themselves of the risks to economic prosperity. Indeed, Greenspan, who was said to dominate Fed meetings, displayed his economic wisdom again last February when he was first to warn the markets of a recession looming on the horizon. Bernanke, and his more collegial Fed, are just now beginning to indicate serious concern about the recessionary threat at a time when some believe we may actually already be in a recession. While Bernanke's reputation is already sullied, it is not too late for him to restore market confidence in his abilities to safely navigate the global economy through the perilous straits of recession and inflation. If further bad debts reignite the credit crisis, he may ultimately need to contend with deflationary risks also.

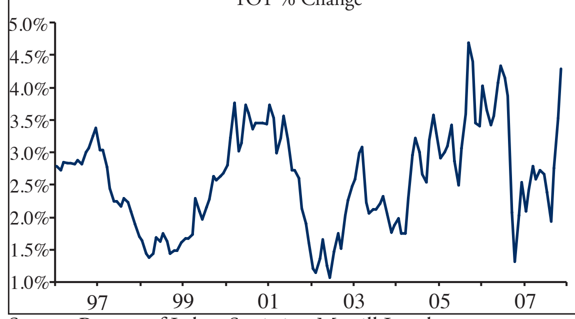
One reason Bernanke has fallen behind the curve on the recession issue is due to his concerns on the inflation front. While the US economy has been faltering, inflation has remained a menace (Chart 6) due in large measure to commodity price gains on the back of an economic growth surge in the emerging markets and the weak US dollar. It is not unreasonable to suggest Bernanke's perceived stinginess on the rate cutting front might indicate he actually welcomes a period of subpar US economic growth, or even a short, shallow recession, in order to help correct a number of imbalances in the US and global economy. By doing so, he could help build a foundation for an extended future period of low inflation and above average global growth. Given the concurrent existence of a sizable bad debt crisis, however, such a strategy would be very risky. Once a recession gets started, it would not be difficult for the debt crisis to mushroom out of control, leading to a longer and deeper downturn than Bernanke, or anyone, would desire. This is the main reason for the market's angst regarding Bernanke's slow response to the recessionary threat. **The possibility of the economy forced to unwind its past debt follies in the midst of a recession is disconcerting, to say the least.** While the market appreciates the long term threat of inflation, it can see the whites of the eyes of the simultaneous recession and credit correction. Accordingly, Bernanke's unwillingness to more quickly turn his policy approach away from inflation concerns is increasingly viewed as quite perilous. This perceived policy error is partly responsible for the weakness in the US dollar and the strength in the price of gold as investors flee to other currencies and gold during a period of increased risk aversion. Junk bond yield spreads (Chart 7) have also exploded to the upside as the bond market is clearly indicating it believes a recession is approaching.

Chart 6

Inflation Spikes Higher as Economy Slows

US Consumer Price Index

YOY % Change



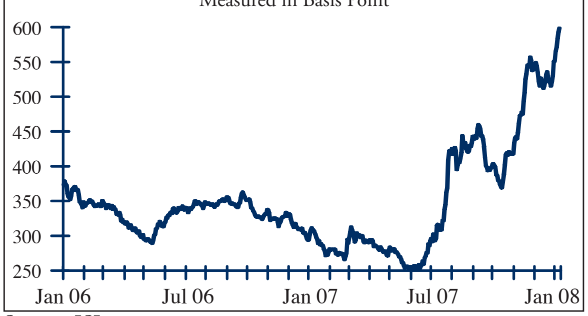
Source: Bureau of Labor Statistics, Merrill Lynch

Chart 7

Junk Bond Spreads Signal Rising Fear

Merrill Lynch High Yield Index Minus 10 Year Treasury Yield

Measured in Basis Point

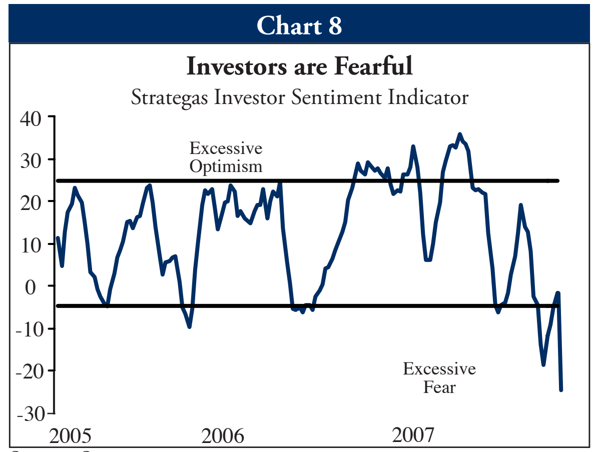


Source: ISI

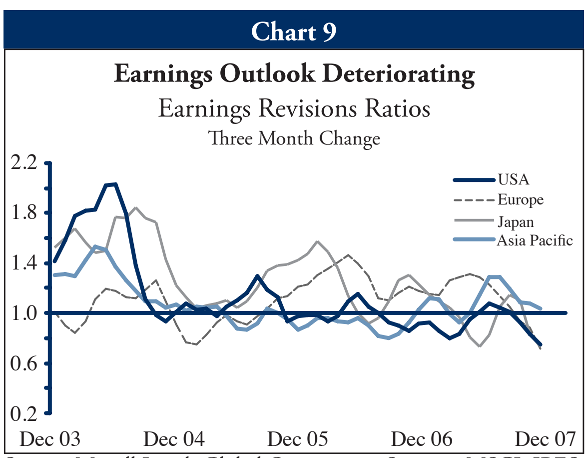
Reasonable Valuations Will Cushion Any Fall in Stock Prices

"Though he stumble, he will not fall, for the Lord upholds him." Psalm 37:24 (NIV)

With the S&P 500 now down more than 12% from its high on October 9, 2007 and small cap stocks down over 20% from their July 2007 peak, many believe a bear market is already in place. The Fed is aware of the financial market's ability to predict recessions, With both stocks and bonds pointing in that direction, we expect Bernanke to now more aggressively attack the problem of economic contraction, as he has recently indicated. Moreover, both Democratic and Republican lawmakers have also recently indicated the need for a strong and timely fiscal response. It is not clear, however, that an agreement on properly structured tax cuts or rebates can be reached swiftly between the two parties, particularly in an election year. Even so, the market is presently in an oversold condition and it would not be surprising for it to rebound somewhat, if only temporarily, from its early 2008 sell-off. Technical and sentiment indicators (Chart 8) have fallen to areas from which short term advances have been triggered in the past. Stocks might rally on news of a more aggressive Fed rate cut or simply because sellers are exhausted. A renewed decline in stock prices, however, should be expected if a recession ultimately proves unavoidable. As earlier noted, the ultimate duration and depth of such a descent depends importantly on the timing and effectiveness of the monetary and fiscal responses and whether the economic downturn can be isolated to the US, which seems unlikely. Recessions typically last around ten months and stocks tend to decline through the first six months of this period before seeing light at the end of the tunnel. Using these historical trends as guideposts, the first half of 2008 could well be difficult for investors.



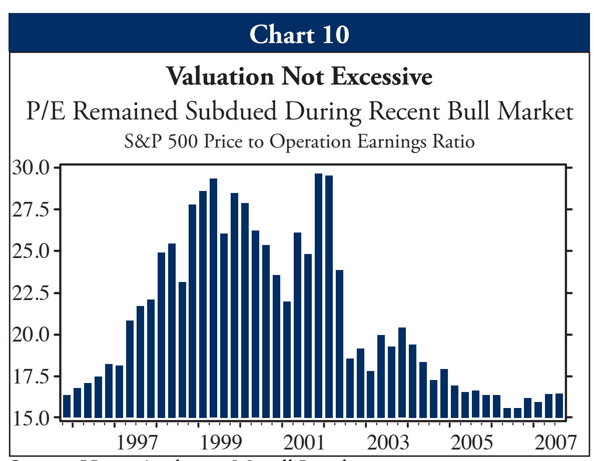
Source: Strategas



Source: Merrill Lynch Global Quantitative Strategy, MSCI, IBES

Earnings expectations have yet to fall significantly despite a decline in US third quarter earnings. If a recession does indeed occur, the outlook for corporate earnings will darken. **Given the high likelihood for a recession, we expect the forecasts given by CEOs during the next few earnings seasons to be particularly cautious leading to reduced earnings estimates.** While overall earnings expectations remain high, earnings revisions have recently moved into negative territory (Chart 9). This weakness is widespread with only Asia still barely in positive territory. **Until such earnings revisions become more positive, it will be difficult for stocks to maintain an upward path.**

The reasonable current valuation of stocks may be one blessing for investors during any downturn. In the exactly five year bull market just ended (started 10/9/02 and ended 10/9/07), the price-earnings multiple of the S&P 500 actually declined (Chart 10). Normally, bull markets are associated with expanding P/Es. The retrenchment of this valuation measure in the subsequent bear market is typically a big contributor to stock price declines. In this case, however, we would not expect serious deterioration in P/E ratios due to the reasonable starting point and our belief that inflation concerns will abate during the course of the recession. Stocks may fall roughly in line with the reduction in earnings caused by the recession, which, outside of financial stocks, may not be too severe.



Source: Haver Analytics, Merrill Lynch

Dealing With Abundant Uncertainty

"Command those who are rich in this world not to be arrogant or to put there hope in wealth, which is so uncertain, but to put their hope in God… " 1 Titus 6:17 (NIV)

Uncertainty is the bane of financial markets. Unfortunately, there is little certainty about the electoral, geopolitical or economic outlook at this time. On the election front, both parties are struggling to identify a front-running candidate and all the candidates appear to have significant shortcomings. This may mean it will take longer than usual for the market to get a reading on potential policy initiatives from the new president. In the past, the market has often seen limited upside potential under such circumstances. This election is particularly important for investors due to the unavoidable decisions that will need to be made by the next administration and Congress regarding taxation, especially concerning capital gains and dividends. Table 2 highlights past, present and expected tax rates under current legislation. Should Democrats control the Presidency and both houses of Congress, as many now expect, investor certainty about income, dividend and capital gains taxes will unfortunately increase significantly! Should the Democrats endeavor to raise taxes during a period of economic weakness or early in a recovery, the impact on the market could be particularly negative. Higher tax rates on dividends and capital gains alone would likely be met with lower P/E ratios as investing would become less attractive but the absence of the uncertainty surrounding the election often has led to a significant rebound after the vote has been taken.

Table 2

Higher Tax Rates to Hurt PE ratios?

Past, Present and Scheduled Future Tax Rates

Type of Tax	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Top income tax rate	39.6	39.1	38.6	35								**39.6**
Top dividend tax rate	39.6	39.1	38.6	15								**39.6**
Top capitals gains rate	20			15								**20**

Source: ISI

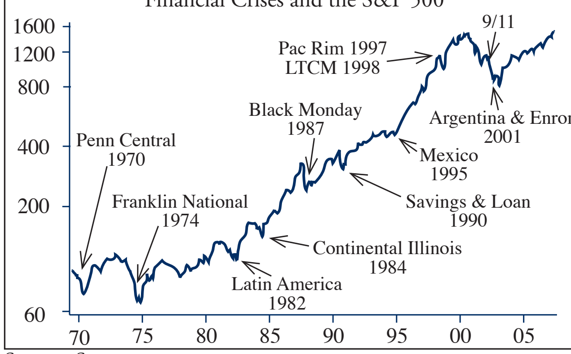
Geopolitical uncertainty, while moderating somewhat recently, remains high. The success of the surge in Iraq in defeating al-Queda, the US intelligence finding that Iran is no longer pursuing nuclear weapons (though doubted by many) and a relatively quiet North Korea all are positive signs. Still, Russia remains resurgent and is seemingly returning to a more confrontational role in world affairs. Its growing alliance with Iran is especially disturbing. China's influence continues to expand and will inevitably collide with US interests in some manner. Perhaps most disconcerting is the unrest in nuclear-armed Pakistan. While no problem seems imminent, this could change quickly, particularly with Iran and the Middle East in general. Israel is always at risk of war from Syria, Iran or its proxies - Hezbollah in Lebanon and Hamas in the Gaza Strip.

Debt crises and recessions always elevate economic uncertainty. Chart 11 highlights that the low of the market often occurs near a cataclysmic market event such as the collapse of a bank, hedge fund or country. Recessions normally break something of importance which then causes policy-makers to get focused and produce the needed corrective actions. We have little doubt that this same pattern will emerge during this cycle as well. Some events that may have called the low in this cycle have been avoided because of Sovereign Wealth Funds and others coming to the rescue of weakened financial institutions. **While we hope a calamitous event can be avoided, we will be on the alert to recognize such a development as it may indicate the market lows have been reached and substantial investment gains are just ahead. After a recession-induced market decline is over and investor uncertainty is replaced with increasing hope of a better future, history indicates it is not unusual for stock prices to rise by more than 20% over the next twelve months.**

Chart 11

Calamities Often Call the Low in the Market

Financial Crises and the S&P 500



Source: Strategas

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 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." 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 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 *justice and mercy for the defenseless* so we screen out companies involved in:**
   - Abortion
   - Life destroying or distorting scientific research
   - Human rights issues such as religious persecution, terrorism and political oppression

2. **We desire *justice and mercy for the poor* so we screen out companies involved in:**
   - Greed-based marketing techniques
   - Discrimination and unjust labor practices
   - Any abuses of the poor, children and/or the elderly

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

4. **We want to *protect marriage and the family* so we screen out companies involved in:**
   - Entertainment that seeks to destroy biblically-based attitudes
   - Efforts to promote lifestyles the Bible indicates are sinful

Additionally, 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 biblically-based Christian worldview. We obtain the information on both the objectionable practices and the exemplary attributes of corporations from our affiliate ***The Biblically Responsible Investing Institute*** (BRII, formerly ICWR) (www.BRIInstitute.com). We believe BRII gives Stewardship Partners the most comprehensive 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, a biblically-based Christian message is not being heard as effectively in the corporate marketplace as it should be since the amount of money dedicated to BRI, while growing rapidly, still falls far short of that in the typically more liberally-biased SRI funds.

For a more in depth study of the topic of Biblically Responsible Investing (BRI), 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, Nokia, and one we avoid, General Electric. We own Nokia in many Stewardship Partners portfolios while we actively avoid ownership in General Electric 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 best align their activities with biblical principles will achieve the greatest success.**

The Good – Nokia – Embracing Exemplary Corporate Citizenship

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

Nokia is a company which demonstrates good stewardship in all facets of its operations, which are extensive. Based in Finland, the company has an advantage of being headquartered in an environment where corporate social responsibility has a greater heritage than in the US. Nokia, the world's leading supplier of mobile phones which supplies more than one-third of all mobile phones in the world, has over 60,000 employees. Over 20,000 of these employees are involved in research and development. The company has fifteen production facilities located in nine countries and sold 347 million mobile phones in over 150 countries in 2006. It has many opportunities to demonstrate exemplary corporate citizenship and the evidence suggests that it frequently does exactly that. Recognizing its sizable impact on literally hundreds of millions of people, Nokia has integrated ethically and ecologically sound practices throughout its operations. It also is striving to effectively communicate to its employees its code of conduct and works diligently with its suppliers to assure that they maintain the standards of the Nokia Supplier Requirements. **Highlighting its commitment, Nokia is a member of the European Union's Corporate Social Responsibility Alliance.**

Excellent corporate citizenship requires a commitment from a company's board and executive leadership. **Nokia has indicated that it believes that acting responsibly is a key aspect of its competitiveness and it has a goal of being viewed as one of the world's best companies in terms of corporate citizenship.** The company employs an Executive Vice President of Corporate Relations and Responsibility who oversees a number of teams dedicated to encouraging and integrating responsible business practices throughout the company. The company has also been refining its internal corporate responsibility reporting tools so that it can best identify progress and areas where improvement is needed. In addition to all of its attention to ethical and responsible behavior, Nokia also acknowledges that sustainable profitability is a requirement for it achieving its overall goals in the area of corporate responsibility.

Nokia's focus on good corporate citizenship is now an integral part of it's culture. One practical aspect of the company's approach is the way in which it treats its employees. It desires that employment with the company has a positive impact on the lives of its employees. Training and development opportunities are stressed so that workers can easily improve their skills and advance to better positions. The company regularly surveys its employees to identify weak spots in the company's efforts at promoting morale and has several other initiatives aimed at giving employees a voice in the company's progress. Nokia has plans in place that actively seek to promote women and minority groups for inclusion in management ranks. Labor conditions at production facilities must meet international guidelines and regular assessments are completed to assure this is achieved. Compensation and benefits for Nokia employees are attractive. In addition to competitive salaries, the company has a variety of award and bonus programs with 95% of employees eligible for at least one of these programs. Equity awards are also available to high performers as a means of retaining especially talented staff. The company also provides transportation and insurance coverage, offers wellness programs and access to sports facilities and even massages!

Nokia is also active in charitable endeavors. The company has programs aimed at providing mobile phone service to remote areas. One is called Village Phone which seeks to provide both phone service to those who could not otherwise receive it and a small business opportunity to a member of the villages targeted. So far villages in Rwanda, Uganda, the Philippines and Cameroon have been beneficiaries of this project. Many of Nokia's charitable efforts focus on youth through the International Youth Foundation. Thus far, Nokia has been active in 24 different countries with its youth programs. A study of these programs showed that they significantly increased young people's engagement with their communities as well as their self-confidence and focus on the future. Half the participants reported that they were working harder at school and getting better grades. **Nokia also has an active disaster relief effort. In recent years it assisted those affected by the tsunami, hurricane Katrina and the Pakistan earthquake. 11.6% of Nokia employees participated in volunteer programs and contributed 25,000 hours of service to charitable groups in 2006.**

Nokia's good works are, of course, no guarantee of long-term investment success. As Biblically Responsible Investors, however, this company's charitable efforts, its concerted emphasis on improving its impact on society and its treatment of its own employees allows us to feel good about our ownership in its shares. It is clearly a company that we can be proud to own!

The Bad – General Electric – Anti-Family Entertainment, Human Rights

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

General Electric is well known as one of the largest and most successful companies on earth. Its operations span the globe and impact a wide variety of industries. Of greater concern, however, is the negative influence some of the company's activities have on our society. Given the immense size of the company, it is perhaps surprising that it is not involved in even more sinful activities than it is, but we remain concerned by several of its businesses.

Foremost among these is GE's entertainment divisions, notably NBC and Universal Studios. **NBC's programming contains a wide variety of shows which the Parents Television Council has given its "Red Light" rating.** These shows include: ER, Fear Factor, Law and Order, Medium, The Biggest Loser and Will and Grace. **The Red Light rating is only given to shows that include gratuitous sex, explicit dialogue, violent content, obscene language and are unsuitable for children.** Universal Studios also produces movies that contain similar questionable activities. Moreover, Bravo operates a gay/lesbian themed website and licenses its "Celebrity Poker Showdown" name to lottery operators.

General Electric also has a variety of businesses with operations in countries that are known to violate basic human rights. The company maintains a sales office for its medical equipment in Khartoum, Sudan, where genocide continues in the Darfur region. It also has operations in many Middle Eastern countries including Iran, Syria and Saudi Arabia. GE has indicated that it is honoring its current contracts in Iran but not seeking additional business in this country that is likely the biggest sponsor of terrorism in the world.

Excluding General Electric from our list of potential investments is a difficult decision. There are many admirable aspects to this company as well. As BRI investors seeking to please and honor our Lord, however, we naturally look elsewhere to achieve investment success as we do not want to be associated with a company that uses shareholder resources to profit from businesses that have such a clear negative impact on society.

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' ability to create an abundance for you will help you to share with those 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 180,000 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 this site, please contact Rod Pitzer at 866-364-9980 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, which 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 over 35,000 times each month by Christians seeking wise, biblically-based counsel on stewardship topics.

Featured Ministry – Children's Hunger Fund

"If anyone gives even a cup of cold water to one of these little ones…he will certainly not lose his reward." Matthew 10:42 (NIV)

Children's Hunger Fund (CHF), founded in 1991, serves children around the world, helping to meet needs in the areas of malnourishment, poor medical care, abandonment and abuse. CHF solicits donations from US based companies. Items sought are food, personal hygiene products, medicines, medical supplies and clothing. These items are then disseminated to the needy via a supervised distribution system that is heavily integrated with local churches. The ministry emphasizes a highly relational approach to the support it brings to the needy in order to be most effective at distributing the most important item of all – the love of Jesus. It is CHF's sincere desire to bring both current and eternal hope to the children to whom it ministers. **The ministry is especially reliant on volunteers to help in virtually every aspect of its work.** Volunteer days are held each Wednesday and Saturday at its facilities where church and other groups come to assist with the preparation of FoodPaks that will be distributed to the poor. In 2006, 10,431 volunteers contributed over 31,000 hours of service to the ministry.

The ministry receives an "A" Transparency Grade from MinstryWatch.com indicating its good efforts to be financially transparent with donors. It also receives a 5-star Financial Efficiency Rating highlighting that it is managing its financial affairs in a commendable manner. CHF is actually the highest rated ministry in the entire MinstryWatch.com database. Less than 1% of the money donated to the organization is spent on overhead due to the heavy reliance on volunteers and the many gifts in kind received by the ministry. Children's Hunger Fund is worthy of your consideration as one of many excellent ministries to which you might donate to from the abundance we hope Stewardship Partners has helped to create.

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

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)

Donor Advisors:

- 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)

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.

Featured Ministry Marketplace Participant – ECFA

"We want to avoid any criticism of the way we administer this liberal gift." 2 Cor 8:20 (NIV)

The ECFA, founded in 1979 by a group of 150 Christian ministries, is an accreditation agency dedicated to helping Christian ministries earn the public's trust through adherence to its seven Standards of Responsible Stewardship. ECFA, under the leadership of CEO Ken Behr, now has over 2,000 members. Donors to ECFA member ministries, which can be recognized by the ECFA seal on ministry literature, can have confidence that these ministries have voluntarily submitted themselves to the most comprehensive rules and regulations of any peer accountability group in the non-profit arena. We would encourage interested donors to visit the ECFA website at www.ecfa.org. Due to the good work of the ECFA, the Christian Ministry Marketplace is more advanced than the non-profit marketplace in general thereby affording donors to ECFA members greater confidence that their gift is being utilized wisely.

ECFA's Standards of Responsible Stewardship focus on board governance, financial transparency, integrity in fund-raising, and proper use of charity resources. ECFA provides several services to the donor public. Disclosure requirements enable donors to request and receive audited financial statements for all ECFA members. ECFA's website contains a membership directory with selected financial information of all its members, guidelines for giving, the Donor's Bill of Rights, and general information helpful to the giving public. The ECFA also responds to complaints against its members. All such complaints are investigated thoroughly in order to determine if there has been non-compliance with the ECFA's standards.

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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