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MARKET COMMENTARY

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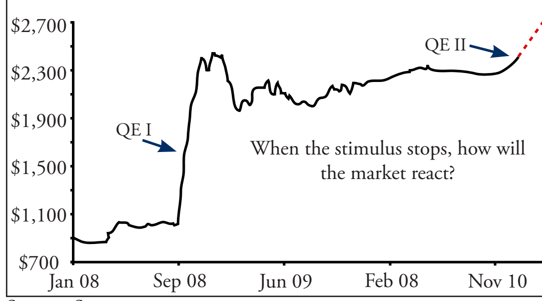
Poorly-Conceived Government Intervention Creates Long Term Dangers

"Do you want to be free from fear of the one in authority?" Romans 13:3b (NIV)

In recent months, hopes for a self-sustaining economic recovery have risen as some economic data points have begun to show more consistent improvement. Still, the staying power of these nascent trends remains in question. Highlighting the still fragile nature of this recovery, two key indicators in particular, the housing market and the employment situation, have shown only grudging progress. At Stewardship Partners, we believe the US economic recovery would have continued at a slow, but still helpful pace, without additional intervention from the government. Indeed, we believe a slower pace of recovery would be ideal for a banking system not yet able to finance a more rapid recovery as it continues to heal from the wounds it earlier inflicted upon itself. But housing and employment are two extremely politically sensitive issues. Therefore, government officials decided to significantly add to the already massive stimulus first injected into the system during the Crash two years ago. The extension of the Bush tax cuts for two more years, the 2% payroll tax reduction for 2011 and the Fed's QE II monetization of most of the country's newly issued debt from November 2010 to June 2011 may have had more to do with short-term political expediency than with sensible long-term economic planning. Nevertheless, the initial reaction of equities to these policies was very positive as investor focus has grown increasingly short term with hedge funds and high frequency traders now dominating trading.

Chart 1

Fed's Balance Sheet Explosion
QE II Will lead to Tripling of Fed's Pre-Crash Balance Sheet
US$ Billions



Source: Strategas

Table 1

4Q10 & YTD Returns

US Indices	4Q10	YTD
S&P 500	10.75%	15.06%
S&P 500 Value	10.51%	15.10%
S&P 500 Growth	11.02%	15.05%
NASDAQ* (price only)	12.00%	19.91%
S&P 400 (Mid Cap)	13.50%	26.64%
S&P 600 (Small Cap)	16.24%	26.30%
Treasury Bonds	-2.67%	5.24%
High Grade Corp. Bonds	1.59%	9.52%
Gold	8.59%	29.52%
Global & International Indices		
MSCI World	8.95%	11.76%
MSCI EAFE	6.61%	7.75%
MSCI Euro	1.49%	-5.86%
MSCI Far East	10.91%	16.45%
MSCI Japan	12.12%	15.44%
US Economic Sectors		
Energy	22.04%	21.02%
Materials	18.96%	24.59%
Industrials	13.60%	27.40%
Consumer Discretionary	13.69%	30.87%
Consumer Staples	6.35%	14.47%
Health Care	5.06%	5.97%
Financials	11.69%	14.87%
Information Technology	11.35%	12.79%
Telecom	6.88%	17.72%
Utilities	2.18%	7.20%

Source: Merrill Lynch, MSCI, NDR, Strategas

The enormous government intervention in the markets during the Crash was largely justified and necessary. With confidence broken across all financial markets, the government was the only entity that could restore order. As you know, we believe this intervention could have been better constructed in order to lower the long term cost to taxpayers. In the midst of a crisis of such proportions, however, we did not expect perfection. With the crisis atmosphere now passed, we would hope government officials could craft policy responses with a greater focus on the longer term consequences of their actions. The actions taken by Congress and the president recently will add over $800 billion to the US deficit in the next two years when precisely the opposite would have been a more appropriate goal. As seen in Chart 1, the Fed's balance sheet will soon grow to three times its pre-crisis level. Neither the Fed, nor the federal government has yet presented investors with a credible plan for how they will wean the nation from its growing addiction to continued stimulus. How we will pay for or reverse (in the case of the Fed) the interventions already completed remains a mystery. While short term investors may have mistakenly celebrated the most recent interventions, it may not be long before their focus shifts to the difficult question of how the nation will actually pay for all of this. There are no free lunches.

Because of these concerns and others, Stewardship Partners' portfolios were positioned cautiously during the fourth quarter. As a result, our performance trailed the indices for quarter and the year. We remain cautious on the short term outlook for shares since the QE II-inspired rush to take risk has left stocks extremely overbought. The probability of an imminent correction seems very high. But our concerns extend to the intermediate and long term as well. Detoxification is never an easy process.

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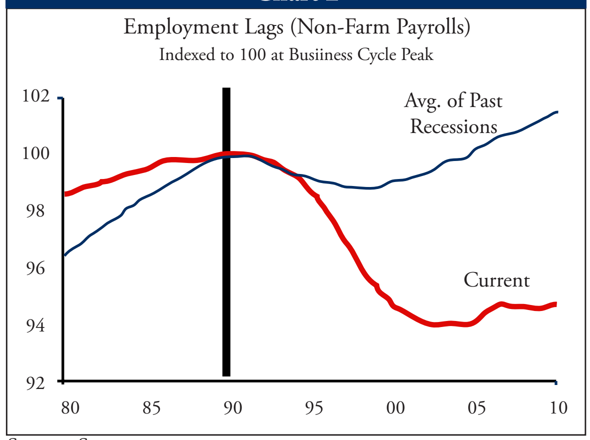
Unavoidable Consequences

"Our kings, our leaders, our priests and our fathers did not follow your law" Nehemiah 9:34 (NIV)

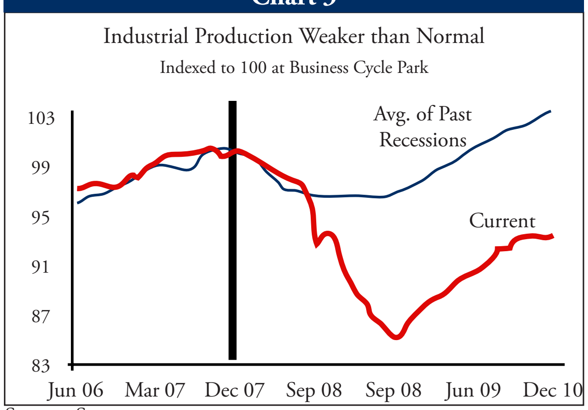
The equity market's year-end surge appeared to us to be much like the high a drug addict gets after finally getting access to additional drugs. The impact may feel good for a time, but the need for even more stimulants soon follows. While it is always difficult to know exactly when the market's recent high will wear off, it is much easier to identify the unavoidable consequences of the poor choices already made. With the onset of the market's crash now more than two years behind us, we would have hoped that the government would have been well into its exit strategy by now. To some degree, we have seen progress on this front. Most banks have paid back their TARP funds while AIG and General Motors have also made great strides in reversing government intervention in their affairs. Despite these successes, there are still too many areas where government involvement in our economy is growing rather than receding. For the US economy to function at an optimal level, it must be freed from the shackles of interference from cumbersome government activity. And where the government is needed to set up appropriate regulatory boundaries for the private sector to operate fairly and efficiently - notably in the financial markets – virtually no meaningful progress has been made in the post-crash period in our view. There is still much work to be done to restore the US economy to a healthy and vibrant state. Unfortunately, our government officials seem to believe it is still up to them to do that work rather than letting the ever-resourceful private sector get the job done.

Chart 2



Source: Strategas

Chart 3



Source: Strategas

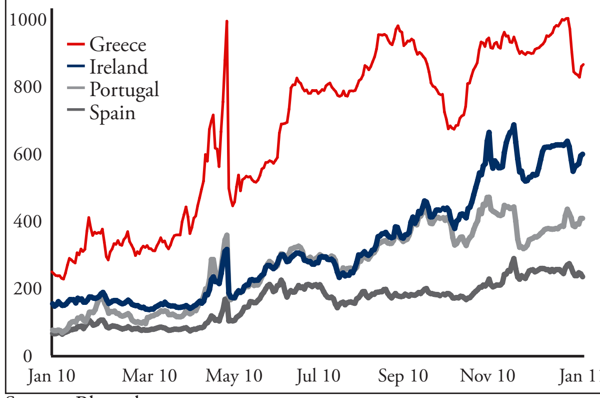
For example, the Fed determined QE II was necessary because unemployment was not coming down fast enough and the overall economic recovery was well below historical standards (see Charts 2 and 3). With substantial underutilized capacity in the system, the Fed judged it could focus on promoting faster economic growth without posing an inflationary threat. The objective of the policy was to keep interest rates low, even negative, on an inflation adjusted basis, in order to promote economic growth. While we have never had great hopes for this policy, it is off to a particularly bad start. Interest rates have actually jumped significantly since the onset of the program in November. Moreover, investors have, mistakenly from our perspective taken QE II as justification to buy risky assets of all sorts. For equities, particularly speculative stocks, as well as commodities, the market has quickly become quite frothy as hedge funds hurried to cover previous short positions and extend their new long positions using margin. The Fed is scheduled to cease its QE II bond purchases in June and, ultimately, it will need to reduce the size of its balance sheet. The unavoidable consequence of this reversal will almost certainly be higher interest rates, lower economic growth and a rush by speculators to sell all they just spent the last few months buying. The bottom line is that the Fed's intervention may have little, if any, of the desired positive impact on economic growth. At the same time it has encouraged financial speculation and higher market volatility, neither of which promotes healthy long-term economic growth. It may also seriously damage the Fed's credibility, thereby limiting the effectiveness of its future policy initiatives. QE II is a high risk, low return policy that Fed Chairman Bernanke may soon regret. Moreover, it is not clear there are any other worthwhile policy options for the Fed to pursue at this point to promote economic growth and price stability. With both fiscal and monetary policy options severely limited at this point, the US economy could be in for a rough ride in the years ahead. Indeed, despite government's natural inclination to intervene in the private sector, it may have no option but to pull back in the years ahead as the need to both reduce government debt and the bloated size of the Fed's balance sheet will require a retreat. The initial response of the markets to such a turn of the events might be negative, but for long-term investors it will be viewed as a very positive trend.

Just such a retreat is taking place in many European capitals right now. Over the past year, bond market vigilantes have been forcing a succession of European governments to come to terms with the unavoidable consequences of their own past profligacy. Ultimately, if a nation is unable to bring adequate discipline to its own financial affairs, the bond market steps in and takes on that role by driving interest rates incessantly higher. Chart 4 highlights just this process as it has occurred in Europe over the last year. Before long, desperate for relief from the unbearable interest costs the market demands, governments begin to do what every highly indebted person or entity has to do – cut costs and, if possible, raise revenue. Not surprisingly, this approach always works. But significant economic pain is almost always an immediate and often lingering side effect. Just ask Greece or Ireland, the two nations that have already accepted Euro and IMF bailouts. Unfortunately, the nature of these particular bailouts given these nations amounts to nothing more than buying these countries time. As can be seen, Greece's interest rate spread to the German 10 year bond has moved to a new high, suggesting that investors do not believe the country can avoid a default even considering its bailout package. With interest rates now rising as well as spreads, the combined impact on funding costs for Portugal and Spain could be severe enough to lead investors to boycott their debt. Already, the Swiss central bank has announced it will no longer accept Portuguese bonds due to the rising credit risk and France and Germany are said to be pressuring Portugal to take a bailout. We believe there is a very good chance the now long-running, seemingly slow motion European debt debacle roils the global markets again in early 2011. If some European countries default on their debt, the bigger problem for the markets will be the losses the global banking system must recognize should this occur. This is a very serious issue which the equity markets are currently willfully ignoring. Furthermore, the Europeans have not yet been able to muster the political will to properly address this very significant risk to global financial stability. Should this situation be permitted to get out of control, it could be another substantial deflationary shock to the global economy. Of course, share prices would not avoid the unwelcome consequences of such a turn of events.

Chart 4

Bond Spreads Indicate More Trouble in Europe

Spread in Basis Points vs. German 10 Year Bond



Source: Bloomberg

Speaking of Government Intervention - Look at China!

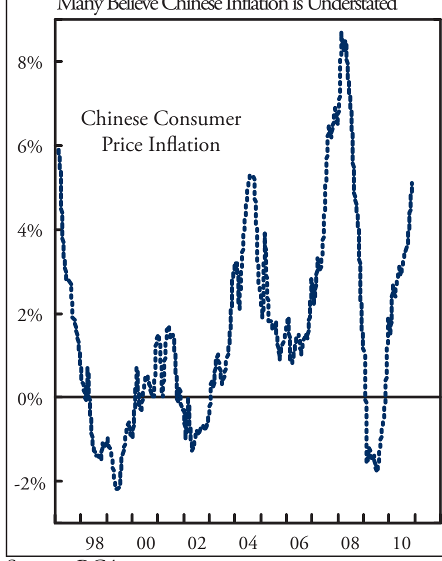
"At that very hour there was a severe earthquake and a tenth of the city collapsed" Rev 11:13 (NIV)

Perhaps a greater risk to equities is the possibility for the real estate bubble in China to burst. As a Communist nation, government influence in China's real estate market is considerable. While China has adopted a capitalist economic system to complement its Communist political system, the not so invisible hand of the country's leaders is clearly evident in a variety of shocking mis-allocations of capital and other economic oddities. For example, the regional government in China's wealthy coal mining area decided they needed to build a whole new city some 20 miles from the main city in the region, Ordos. Construction started in 2005 and there is now a very extensive and impressive city on the new location, complete with many thousands of residences, modern high rise office buildings and even museums. Unfortunately, almost no one is living in the city! Their friends and family are still in the old city and no one wants to move to this new ghost town. Some government and construction workers show up during the day, but the city is virtually empty at night. Who is on the hook for all those empty homes, you might ask? Most have actually been sold to individuals who are holding them as investments. With inflation running at high levels in China generally (Chart 5) and with home prices having appreciated by about 100% over the last five years, buying unused properties is viewed as a good investment. In fact, the government recently introduced new regulations seeking to prevent people from having more than two mortgages in their effort to forestall the property bubble. Additionally, it has been reported that there are 64 million homes in China with electricity meters that are not running. In essence, there

Chart 5

Chinese Inflation Rising Rapidly

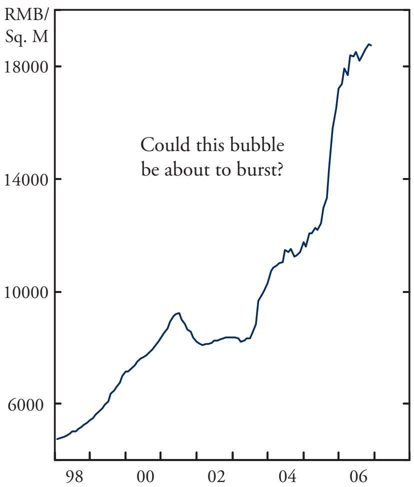
Many Believe Chinese Inflation is Understated



Source: BCA

Chart 6

Shanghai Property Prices Bubble Higher



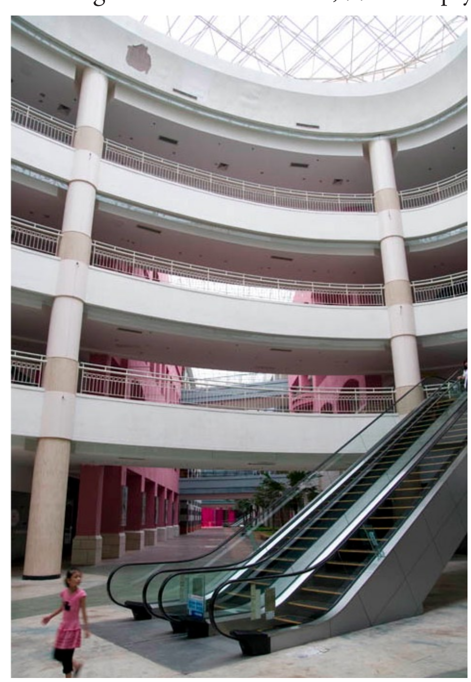
Source: NDRC, ZhongFang Property Index, BCA

are 64 million of these "investment" homes. That is unbelievable number if it is only half true! But excess capacity is not the only indicator of a bubble, house prices also are at alarmingly high levels. In the major cities of Shanghai and Beijing, residential property prices have skyrocketed (Chart 6). In Beijing, the house price to income ratio is currently 19x versus an average of 8x throughout China. But even 8x is a very high level and is higher than what is seen in most developed nations. There is little doubt that a residential property bubble exists in the major cities and perhaps in the nation as a whole as well. The only question now is how will it come to an end, as all such bubbles do? It is hard to know the time frame of when this bubble will burst but we sense it will be sooner rather than later. Massive government stimulus aimed at maintaining China's economic growth at high levels is responsible for this mess and we doubt that any government action could be sufficient to avoid the inevitable fallout. Hopefully, China will at least be able to limit the negative impact of the normalization of activity and prices in its real estate sector but it could be very difficult.

It would be bad enough if China's real estate bubble was limited to residential real estate. Unfortunately, it also extends to the commercial property sector as well. Jim Chanos, a hedge fund manager of some repute who specializes in shorting, claims that if projects currently underway or planned are completed, China will have enough office space to give every man, women and child in the country a small office. Of the fifty biggest skyscrapers on the drawing board in the world today, 22 are located in China. The world's largest retail mall, The new South China Mall (photo 1) is also located in China. It has been open for five years and is 99% unoccupied! It is perhaps the biggest retail disaster in the history of the world and such debacles only occur where financiers are foolishly handing out money to developers with no skill or experience. This is just one of 500 or so new retail malls built in China in the last five years. One of the surest indicators of a potential bubble is the number of construction cranes dotting the horizon of major cities. China clearly leads the world on this measure and we all should be worried about it. One reason for all of this overbuilding is that selling real estate to developers is one of the ways China's regional governments raise a significant portion of their funds. The more land they sell, the more money they have in their coffers. It is almost a guarantee that a bubble will form under such a system as money-hungry government officials influence banks to lend to the developers to enable them to build what nobody actually needs!

Photo 1

The Largest Mall in the World, 99% Empty!



Source: listicles.com

In the early stages of China's massive growth the country's needs were so great that the harmful impact of any misallocated capital was overwhelmed by the rapid advance in the nation as a whole. Now, however, the country has reached such a scale that poor capital allocation decisions will not be so easy to hide. While the government authorities may be able to keep the bubble from bursting in the near term, it is increasingly becoming obvious that the situation is getting out of hand. We have no doubt that China will continue to be a great growth story for decades to come, but we are almost certain its growth will slow considerably before too much longer. Of greatest concern is that their real estate bubble bursts soon leading to a temporary calamity.

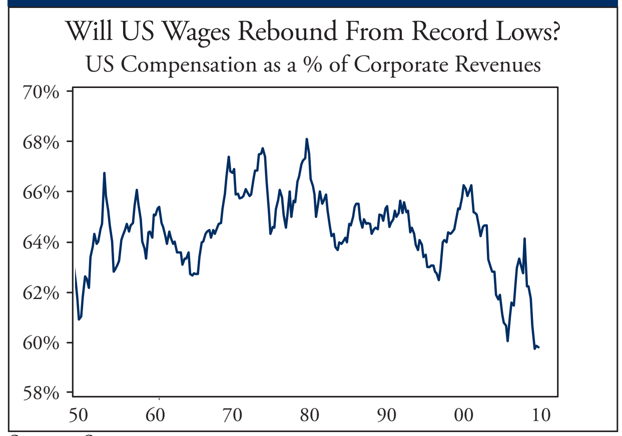
If this were to occur, there would clearly be severe ramifications for China itself. But since it is difficult to invest in China, the most relevant issue for most investors will be the impact on the rest of the world. Nations such as Brazil, Canada and Australia, who have greatly benefitted from China's real estate boom, could suffer a hard blow. Europe has a high percentage of its exports going to China and would be impacted as well. The US may actually be a relative beneficiary as the cost of imports from China might fall. Still, this would be yet another deflationary hit to the global economy. Stock and commodity prices would almost certainly suffer. We will be paying very close attention as this situation develops! Given that investors are now so certain China's economy will continue to grow at a high rate for years to come, thereby supporting global economic growth, the impact on investors of a sudden slowdown in China due to its property bubble bursting could prove to not only have a direct impact on financial assets but may also rattle investor confidence.

Tip-Toeing Through a Minefield of Risk

"That is why snares are all around you, why sudden peril terrifies you" Job 22:10 (NIV)

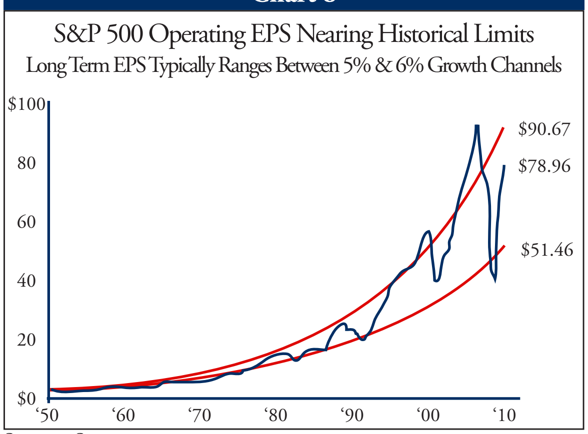
China may be contributing to a disturbingly risky investment outlook presently, but it has had a favorable impact on corporate compensation costs in the US ever since it embraced a capitalist economic model in the 1980's. Chart 7 highlights the fact that margins for US companies have been greatly aided in the last two decades by the pressure on wages China's development as the world's manufacturer of choice has had. The US not only lost millions of manufacturing jobs to China over this time but wages for the jobs that remained were kept in check by the competitive pressure. At this point, corporate compensation is at the lowest point since the records have been kept. Meanwhile, reports out of China indicate that the nation is no longer easily able to staff new factories with new workers migrating from the countryside and wages are beginning to rise rapidly. The city of Beijing has increased salaries by 21% on two occasions in 2010 as they were unable to get anyone to even show up for interviews. Such a trend reversal in China could mean that the long-standing positive trend in low compensation costs could be about to reverse here in the US also. If so, corporate profit margins, which remain near record levels currently, could be imperiled. Even without such an influence on margins, corporate earnings are facing other meaningful threats. The rapid rise in commodity prices seen in 2010, stoked in part by speculative activity related to QE II, is sure to be a burden to the profits of many companies in 2011. Moreover, the Obama administration's health care law will start to bite in 2011 as will the impact of a wide variety of regulatory changes the administration has made. Further, companies will need to increase spending from the bare bones level maintained during the downturn. Offsetting these factors could be a continuing economic recovery, but as prudent investors, we do not want to presume profit margins will set new records in the quarters ahead.

Chart 7



Source: Strategas

Chart 8

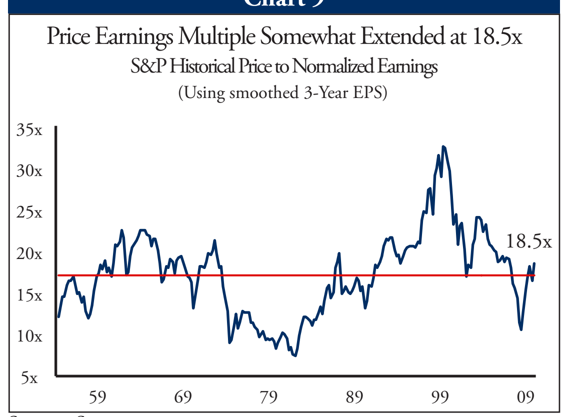


Source: Strategas

One risk for share prices in 2011 is that investor expectations for earnings are currently fairly high. Various estimates from Wall Street Strategists indicate the EPS for the S&P 500 could reach the mid-$90 level. If so, this would place the earnings at a point very close to the upper bound of the long term earnings trend line. Since 1950, the S&P 500's EPS long term growth rate has been pretty well contained in a 5-6% annual long term growth range (Chart 8). Even assuming earnings in 2011 are not undercut by macroeconomic problems emanating from Europe, China or elsewhere, history suggests there might be greater downside risk to earnings than many are now assuming. We, however, believe some development will arise during 2011 which will, at a minimum, undermine confidence in current earnings expectations and possibly actually lead to these forecasts being revised significantly lower. The outlook for earnings may appear hopeful on the surface, but we are concerned investors are ignoring landmines lying just below the ground the market will traverse in 2011. We may get through the minefield safely, but the risk of sudden disaster is higher than normal and wise investors will not overlook it.

That risk is made greater because valuations on equities have also increased significantly over the last two years. Stock prices are now nearly 90% above their low reached in March 2009. While earnings have posted a strong recovery as well, price-earnings multiples have expanded (Chart 9) and now stand at a somewhat extended level. Should some negative surprise occur, both earnings and P/E's could fall leading to significant downside risk for equity prices.

Chart 9



Source: Strategas

Choosing Safety Over Potential Sorrow

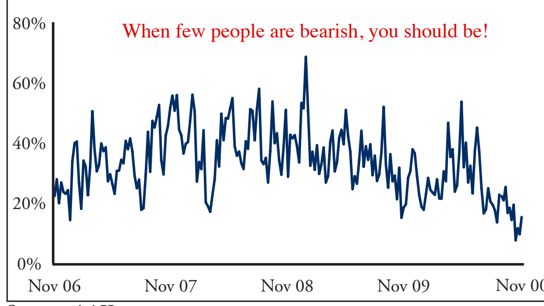
"They will live in safety, and no one will make them afraid" Ezekiel 34:28b (NIV)

One of the mines in the market minefield may have lesser explosive force than the fundamental macroeconomic concerns noted above, but is almost certain to be stepped on. The QE II inspired run in share prices since September has led investors to get overly enthusiastic. Almost every measure of investor sentiment is now extended. Chart 10 reveals the surprisingly low level of bearishness among individual investors at this time, now at a four year low. In the past, such extremes have normally been quickly dealt with as the always cruel market tends to disappoint the most number of people most of the time. As a result, it would not be surprising if the market stumbled by 5-10% in the short term as this unusual level of optimism gets dragged back to a reality that is not quite so promising. With our current cautious portfolio positioning, many Stewardship Partners' clients should be able to avoid some or all of the pain associated with any retracement. While extreme investor optimism is not a guarantee of falling equity prices in the short term, in our experience it is about as close as you can get to one. If nothing else, it indicates that the market is highly unlikely to repeat its upside move of the last four months. Should stocks falter as we expect, we would have a good opportunity to reassess the continued need for our hedges and high cash positions in light of the macroeconomic mines that could explode at any moment, thereby undermining the fragile economic recovery now underway. The possibility of one of these explosions actually occurring is presently uncomfortably high as far too little has been done to address the economic imbalances and market factors that contributed to the Crash in 2008. Should the European debt debacle accelerate, the China property bubble burst, Japan suffer a serious debt or currency-related economic setback, emerging market inflation lead to a hard landing and/or interest rates spike around the world as bond investors tire of foolish government economic policies, the consequences for the financial markets would likely be severe. Most importantly, the time is fast approaching where the stimulus from excessive government spending will come to a halt and move into reverse as spending cuts are enacted. Additionally, as of June, the Fed is scheduled to no longer be expanding its balance sheet. Hot money investors accustomed to government stimulus may suffer withdrawal symptoms, sending stocks lower. In view of these risks and the excessive optimism surrounding equities, we prefer to be safe rather than sorry at this time.

Chart 10

Danger! Hardly Any Bears Among Individual Investors

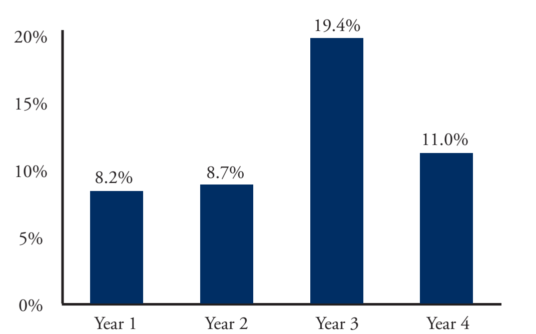
American Association of Individual Investors Bearish Sentiment Index



Source: AAII

Chart 11

S&P 500 Total Return by Presidential Year



Source: Strategas

Still, we recognize it is possible for the aforementioned calamities to be avoided in 2011. Moreover, investors seem to now be much more forgiving than they were prior to September when they sold stocks heavily on rather weak premises (remember Greece is in flames?). If these perilous situations can be successfully navigated around, equities may ultimately have a good year in 2011. We would still expect a 5-10% correction of the current rampant bullishness, but the market may recover those losses before long. In addition to the continued economic recovery, the market might also focus on the tendency of the stock market to perform best in the third year of a presidential term (Chart 11). We suspect this relationship is a statistical oddity, but that may not stop investors from using it as one excuse to move funds from bonds to stocks. The improving economy may also bring pain to the many investors who flooded into bond funds over the last two years while stocks rose by nearly 90%. It would not be surprising to see many end up selling bonds "low" and buying stocks "high". If such a flow of assets occurs, it certainly would be supportive of equity prices in 2011, especially if interest rates do not rise significantly in the process.

Another favorable development is Obama's move towards the political center as he positions for the 2012 presidential election. Combined with the new Republican Congress, there may be reason to hope that real progress can be achieved in Washington, DC in 2011. This situation could help with the inevitable efforts to make serious government spending cuts and tax reforms. It is also hard not to be encouraged for the US's long term prospects by the sight of peaceful US citizens protesting for smaller government all the while European protesters violently scream for more government! The US, for all of its many faults, is still truly an exceptional nation that undoubtedly will move on to new highs after corrective actions are taken and the healing process is completed.

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, Sir 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 (those companies deemed to be the most active supporters)

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 which

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 (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 and wisdom. 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, Research in Motion, and one we avoid, Apple. We own Research In Motion in many Stewardship Partners portfolios while we actively avoid ownership in Apple 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 – Research in Motion – A Good Steward

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

Research in Motion was founded by two Canadian engineering students in 1984 as an engineering consulting firm. Before long, the company had a focus on wireless communications and originally worked on wireless point of sale terminals. Later, the company turned its attention to pagers and was the first to develop a way for someone to return a message received on a pager. In 1992, current co-CEO Jim Balsillie joined Research in Motion and invested $250,000 of his own money in the company. Balsillie brought a business background to complement the impressive engineering expertise already in existence at Research in Motion. It would still be nearly a decade before the company became a force in the wireless communications business. When Research in Motion finally did introduce its device that combined e-mail and voice communications, it was an instant hit. The company's Blackberry phones were soon taking over the new smart phone segment of the mobile phone market and were particularly successful among corporate America. With a huge lead over its competitors in the smart phone market, the company's easy to use devices were soon being called "Crackberries" as users seemed to become addicted to their phones. Today, while now facing significant competition from Apple and Android phones, the company still adds millions of new subscribers each quarter, now has over 550 distribution partners and operates in 175 countries. It remains a very significant force in the rapidly growing global smart phone market.

Research in Motion is focused on building groundbreaking wireless technology, while managing its business in a socially, economically and environmentally responsible manner. In 2009, Research in Motion established a dedicated team of employees to lead its Corporate Responsibility initiatives. The team initially worked to enhance the sustainability projects the company already had in progress, but it has also established goals to work with stakeholders to address its sustainability objectives by implementing appropriate business strategies and business practices. The company is working to eliminate printed manuals and documentation to save paper, to increasingly utilize videoconferencing to reduce the energy consumed in business travel and to better organize data centers to conserve energy. With 105 buildings in 19 countries, the company has ample opportunity to make energy-saving improvements. Its most recent data center was constructed in accordance with Leadership in Energy and Environmental Design (LEED) specifications. These include a highly reflective roof, the use of building materials that include at least 20% recycled content, water efficient plumbing that reduce water usage by 30%, bike rack and showers to encourage alternative travel, interior lighting that utilizes sensors to reduce energy consumption and preferred parking spaces for carpool vehicles.

Like all well-run companies, Research in Motion works hard to care for its employees. Its interest in this aspect of managing its affairs is reflected in their survey of its employee's attitudes. Over 89% of its workforce participated in its recent survey and responses to the questions consistently exceeded external benchmarks. The company has also implemented a health and safety policy all employees are required to review annually as part of its effort to minimize health risks to its workers. In addition to minimizing illness and injury risks in the workplace, the company is also committed to a variety of wellness programs for its staff. The award winning Healthy@RIM program seeks to have employees lead the best possible life by setting and meeting personal goals while focusing on the mind, body and spirit. The company will assess an employee's workspace needs and design a personalized workstation. It also offers smoking cessation and healthy eating programs, healthy home resources, seasonal flu prevention programs, onsite massage therapy and a 24/7 Global Employee Assistance Plan that offers confidential counseling to employees and their families. Naturally, the company makes available the full complement of standard insurance and other benefits for its employees, including educational assistance. One additional benefit for all Research in Motion employees that will not often be found at other companies is a free Blackberry smart phone! The company has been honored for each of the last four years as one of Canada's Top 100 Employers and has also won the Financial Post's Top Ten Best Companies to Work For Award.

Research in Motion actively pursues charitable activities with innovative programs that focus on employee involvement. One of the company's most active efforts is its involvement with giving financial grants to community and school-based children's sports programs. Research In Motion operates Employee Charity Councils which are charged with giving financial assistance to community programs in the areas where the company operates. The Volunteer Recognition Program encourages employee involvement in local charitable efforts and provides financial assistance to organizations where the company's employees donate more than 25 hours of their time. Groups that have received financial assistance from Research in Motion include the Cystic Fibrosis Foundation, the Alzheimer Society, National Service Dog Training and Ten Thousand Villages. The company also provides a myriad of scholarship opportunities and supports science fairs.

Research in Motion's good works are, of course, no guarantee of long-term investment success. As Biblically Responsible Investors, however, the company's charitable efforts, its work to be a good environmental steward and its impressive treatment of its own employees allows us to know we are shareholders in a company seeking to be a blessing to all. While no company, like no person, is perfect, this is clearly a company that strives to be a good corporate citizen and one we can be proud to own!

The Bad – Apple – Porn, Anti-Christian Bias and Anti-Family Activity

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

Apple is likely the world's best known company at this time. Its innovative, creative products have been a huge success across the world. Its cellular phones, with their attractive styling and easy to use software, have quickly moved to become one of the most significant players in the market, along with Research in Motion. Apple's latest creation, the iPad, has also taken the market by storm and has put most of its competitors in catch-up mode. Despite the company's outstanding successes, Apple engages in other activities that cause us to look elsewhere for investment opportunities that meet our BRI criteria.

Unfortunately, Apple promotes pornographic materials through its iTunes service. Podcasts with titles such as "Sex with a Naive London Girl", "In Your Pants" and "I Want Your Sex" can be downloaded from iTunes. While Apple initially made efforts to keep pornography off its App Store, it was recently announced that the entire back catalog of Playboy will soon be made available for download from iTunes as an app for the iPad. This reversal in the company's stated policy against pornographic apps comes just one month after it rejected an app for the pro-family Manhattan Declaration which outlines biblical principles upholding the sanctity of life and the traditional definition of marriage. Apple said the biblically-based content was "likely to expose a group to harm" and "to be objectionable and potentially harmful to others". Apple has also been named as one of the worst advertisers by the Parents Television Council.

Excluding Apple from our list of potential investments is not a difficult decision. As BRI investors seeking to please and honor our Lord, we naturally look elsewhere to achieve investment success as we do not want to be associated with a company using shareholder resources in a manner which have a negative impact on individuals and society in general.

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 thousands of 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. Please be sure to check out our 2010 list of our thirty Shining Light Ministry Award winners as well as our companion list of thirty ministries that are subject to a Donor Alert from MinistryWatch.com.

Featured Ministry – Gideons International - Spreading God's Word

"In this way the word of the Lord spread widely and grew in power" Acts 19:20 (NIV)

The Gideons are a missionary organization primarily focused on distribution of Bibles and bringing others to a saving faith in Jesus Christ. Founded in 1899, the Gideons are the oldest Christian professional and businessmen's organization. The Gideons now have more than 290,000 members via 10,000 local groups in 190 countries around the world. Since 1908, the Gideons have distributed over 1.6 billion Bibles! More than 700 million Bibles and New Testaments have been distributed in just the last ten years and nearly 80 million were given in just the last year. The Gideons are now distributing about two scriptures every second!

The Gideons believe that God's Word can and does draw people to faith in Christ. Accordingly, the organization seeks to make the Bible available either through direct distribution to individuals or by placing scriptures in places where large numbers of people will have the ability to encounter the Word of God. The Gideons now distribute the Bible in 90 different languages. The group seeks to place scripture with students in the fifth grade and higher and with police, fire safety, medical and military personnel. Additionally, the Gideons place scripture in hotel rooms, prisons, convalescent homes, hospitals and domestic abuse shelters. Moreover, the Gideons achieve their goals in a very quiet manner and without resorting to standard fundraising techniques employed by many other ministries.

The Gideons are a historic and impressive ministry that has grown to be a very significant missionary organization and a leader in global scripture distribution. Its positive impact on millions of individuals each year via its consistent efforts to make the Word of God available to the lost is substantial. There may be few ministries that are as effective as the Gideons in carrying out their mission. Moreover, they achieve their goals with impressive financial efficiency. The Gideons are a 2010 MinistryWatch.com Shining Light Award winner and is worthy of consideration for your financial support.

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)
- MaximumGenerosity.org (maximumgenerosity.org)

HOW
to give with a discerning mind?

Professional Advisors:

- Kingdom Advisors (kingdomadvisors.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)
- Kardia (http://www.kardiaplanning.com/)

WHERE
to invest in kingdom ministries?

Ministry Research:

- ECFA (ecfa.org)
- MinistryWatch.com (ministrywatch.com)
- Samaritan's Guide (acton.org/cec/guide/)

Ministry Mutual Funds:

- Nat'l Christian Fdn (nationalchristian.com)
- Strategic Resource Group (srginc.org)

Online Donation Services:

- Network For Good (networkforgood.com)

Featured Ministry Marketplace Participant - Crown Financial Ministries

"You will be made rich in every way so that you can be generous." 2 Cor 9:11 (NIV)

Crown Financial Ministries seeks to equip people worldwide to learn, apply, and teach God's financial principles so they may know Christ more intimately, be free to serve Him, and help fund the Great Commission. Founded in 1976, Crown has taught or equipped more than 50 million people in over 80 nations with the life-transforming message of faithfully living by God's financial principles in every area of their lives. Building off the excellent teaching heritage of Larry Burkett and Howard Dayton, the ministry continues to excel and is now ably lead by Chuck Bentley. Chuck is the host of Crown's popular Money Life program which airs daily on over 500 stations throughout the US. Stewardship Partners' CEO, Rusty Leonard, is Chuck's guest each month on this program, helping Crown's listeners understand the dynamics of the global economy and financial markets. Crown's activities, however, are for more extensive than just its lead radio ministry. The ministry's staff of 250, as well as thousands of volunteers, teaches financial seminars in churches, respond to requests for Crown's many books, tapes and other financial resources and produce information on subjects ranging from a biblical approach to financial matters in marriage to biblically-based teaching on giving, debt and budgeting.

Crown's greatest growth in recent years has been outside the US as the ministry has found that its work is greatly in demand around the globe. Crown materials and seminars can now be found on five different continents and in 120 different languages. Crown's theater quality series of six films entitled "God Provides" is just one of the ministry's many products that have been translated to have a global impact. These short films highlight biblical stories and parables to teach viewers about the importance of and benefits from trusting God for all our needs. All Christians will find Crown's sound, biblically-based financial teaching to be a true blessing as they navigate life's journey.

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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