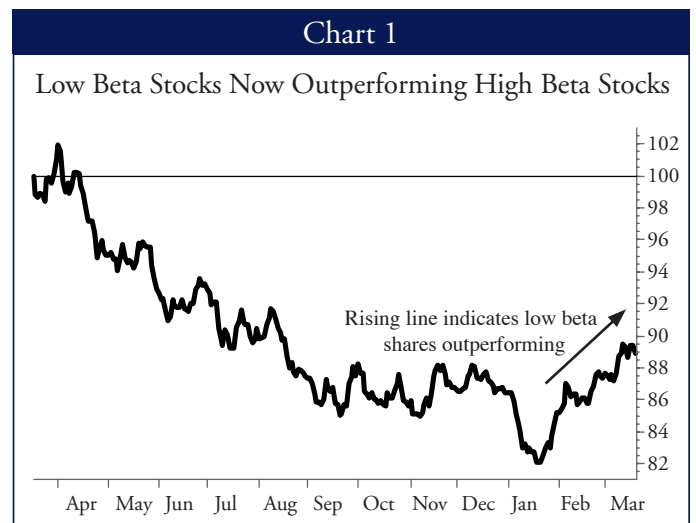


Authored by Howard J. "Rusty" Leonard, CFA
 CEO and Chief Investment Officer, Stewardship Partners Investment Counsel, Inc.

STOCK PRICES PAUSE AS GREED RECEDES

"Watch out! Be on your guard against every form of greed" Luke 12:15a (NIV)

Share prices initially continued the late 2003 mad rush to higher ground into early 2004 as some investors were overcome with greed. Before long, however, stocks were heading lower and eventually finished the quarter close to where they started after a late quarter rebound. The turning point for the market came with the Federal Reserve's late January commentary where a slight change in wording in its official statement appears to have been sufficient to alter market expectations and undermine previously rampant risk-taking. Once the Fed alerted the market that it would now be only "patient" regarding maintaining an accommodative monetary policy versus its earlier commitment to keep such an approach for a "considerable period", speculation began to falter. Since that time, companies with earnings have outperformed those without, dividend-paying shares have beaten non-dividend payers and low beta stocks have outpaced those with high betas (See Chart 1). Hedge funds, which greatly influenced the sharp 2003 run-up in riskiest companies' share prices, also impacted this new trend as they hurriedly unwound their positions in volatile equities and retreated to a more conservative stance.



Source: ISI



Source: ISI

The mid-quarter retreat in share prices came despite continued rapid upward revisions to first quarter (see Chart 2) and 2004 full year earnings estimates. Normally stocks react favorably to such developments but greed had already risen to excessive levels and the market was long overdue for a sell-off. Moreover, the negative rhetoric of the Presidential campaign frightened some investors, as did the headlines regarding terrorism and the continuing turmoil in Iraq. By mid-March all of the major US stock indices had fallen into negative territory even as the global economy and corporate earnings were proving more robust than most had expected. Indeed, the market quickly moved into an oversold condition, which we took advantage of to invest the cash reserves we had built up during the market's advance in the second half of 2003.

Table of Contents:

Market Commentary	1
CWI Commentary	7
Ministry Commentary	10

Overseas, Japan was the standout performer, rising over 14% in dollar terms. Japan's corporate earnings are also rebounding strongly and its economy has been bolstered by both rapid growth in China and a strengthening US economy. Nevertheless, from an earnings

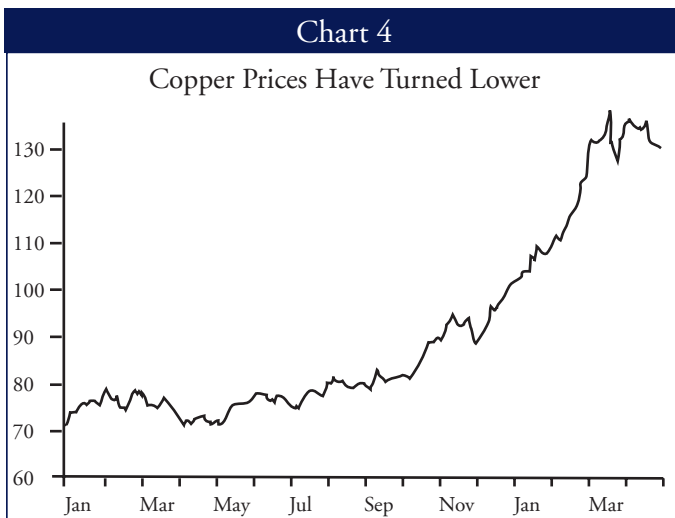
perspective, Japanese stocks remain among the most expensive in the world. Other Far Eastern markets also performed well during the quarter. Europe's markets, however, fared much like those in the US, as investors remained concerned about sluggish economic trends.

A QUESTION OF WHEN, NOT IF

"By wisdom a house is built, and through understanding it is established" Proverbs 24:3 (NIV)

With virtually all financial assets worldwide (stocks, bonds, money market instruments and real estate) currently trading at historically high valuations, the most profitable piece of information an investor could now possess is the exact timing of when interest rates will begin moving sharply higher. Understanding when this might occur would allow the wise investor to avoid significant financial pain as the cornerstone supporting current high asset prices is the extraordinarily low level of interest rates (see Chart 3). That interest rates will eventually move significantly higher is a reasonable expectation. Indeed the process may have already begun and perhaps only renewed deflationary concerns could meaningfully prolong the current low rate environment. While sharply higher interest rates would hurt asset prices, renewed deflation worries could also have severe negative consequences as investors would be troubled about a weak US dollar and the stability of a banking system facing a wave of bad debts. Thus, perhaps the most important question facing investors now is how long the markets can maintain an uncomfortable balance on the tightrope between lingering deflationary concerns and higher levels of inflation. Recent market action clearly confirms that investors are now focused mostly on the prospect for a renewed inflation threat.

One of the benefits of the stock market bubble and the deflation it nearly unleashed on the world is the legitimate fear that the current debt-induced economic expansion is highly fragile. Accordingly, in 2003 economic policymakers turned their full attention toward creating at least a little inflation by stimulating economic growth in order to avoid the dreaded deflationary outcome. At the moment, it appears these efforts have proven very successful. Deflation has apparently been avoided, economic growth is accelerating and inflation has begun creeping back into the system, principally through rapidly increasing commodity prices stoked skyward by China's ravenous growth. Thus far, inflation has not gone any farther than input prices as companies have relied heavily upon record setting productivity gains and well-controlled labor costs to maintain and even expand profit margins. The question now is whether these fortuitous circumstances have come to an end.



Source: ISI



Source: ISI

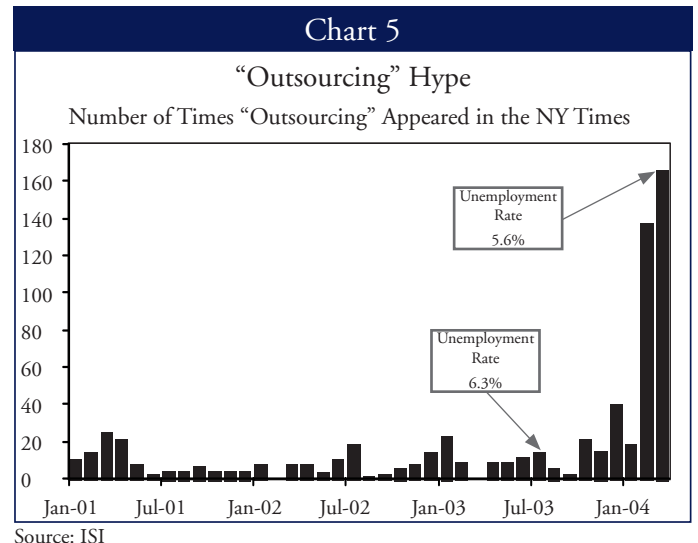
For the moment, our best guess is that the current low inflation and interest rate environment can persist for a while longer, although the path may be bumpy. China is already aggressively seeking to slow its growth rate and some early indicators of commodity inflation such as scrap steel and copper prices (see Chart 4), look like they may have finally peaked and are heading lower. The risk of a hard economic landing in China is high, however, and commodity prices could collapse if it occurs, further alleviating pressures on interest rates but again raising deflation worries. The debt bubble itself will act to constrain runaway economic growth and rising inflation in the US as the so-called bond market "vigilantes" will punish any threat of higher inflation with higher interest rates. This, in turn, will rapidly

slow economic growth thereby reducing inflationary pressures and ultimately allowing interest rates to moderate. Non-inflationary growth can be achieved as significant unutilized manufacturing capacity and labor resources remain available. Accordingly, while we will carefully scour the horizon for any sign that the delicate balance needed to maintain the current economic harmony might be coming undone, we believe a serious and prolonged advance in interest rates that would lead to a major correction in asset prices is not imminent. Smaller, short-lived episodes of market weakness are more likely. On a longer term view, however, unbridled inflationary growth driven by China's burgeoning expansion and/or a terrorist-induced deflationary shock may be more difficult to avoid thus increasing risk for investors. It is unlikely that interest rates will remain near historic lows over the course of the next decade. Wise long-term investors will plan accordingly.

PRESIDENTIAL POLITICS – SETTING THE RECORD STRAIGHT

"Keep your tongue from evil and your lips from speaking lies" Psalms 34:13 (NIV)

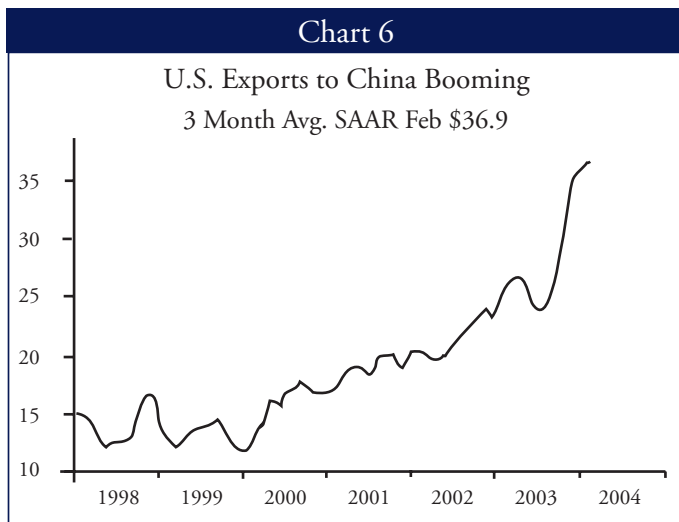
While the election is still many months off, the factual distortions that are common during a campaign are already being offered on a regular basis. The furor over overseas job outsourcing is a good example. Despite the fact that studies have shown that over 90% of recent job losses can be attributed to the massive productivity gains seen in the US in recent years, the public is being led to believe that the real cause of the sluggish expansion in employment is outsourcing. Chart 5 indicates just how much attention has been given to the issue of outsourcing in the New York Times recently despite a declining unemployment rate. Virtually no coverage, however, has been given to the idea that foreign companies also build facilities and hire workers in the US or that US exports to China are booming (see Chart 6) thereby creating or preserving many manufacturing jobs. Sadly, given the tight presidential race, such attempts to manipulate the truth are likely to increase significantly as the election season moves forward.



While the result of the election will have wide ranging implications, the investment consequences may not be all that dramatic from a macro perspective. Certainly, the health care and energy industries might fare better under a Bush administration, but for stocks in general, the evidence suggests that Kerry's ability to influence key legislation may be limited. There is little debate that the

House of Representatives will remain in Republican control which will give the Republicans the ability to stymie many Kerry initiatives should he be elected. Additionally, there is a good chance the Senate will remain in Republican hands as well. Even if it did not, it is virtually inconceivable that the Democrats would win the 60 seats in the Senate that would be necessary to easily move legislation through the chamber. As a result, Kerry's ability to greatly alter the changes in taxation put through by the Bush administration will be severely limited. While there may be a great deal of debate about new healthcare or energy legislation, the stark reality is that most of it will be inconsequential political bluster. Substantive change will be stymied just as the Democrats have been able to hinder a number of Bush's initiatives in the Senate.

Perhaps the biggest change would be seen in the international arena where a President has the most unfettered control over the agenda.



Kerry promises to work more closely with other countries and the United Nations. It is not clear how the market will react to this change in policy, but to the extent that concern about our susceptibility to terrorism rises, stocks may suffer. A study by Ned Davis Research, however, indicates that, as investors, we should be hoping for a Bush victory. **In years where incumbents were re-elected (15 cases since 1890), the Dow has risen 16.7% from May until the end of the election year. In the 10 cases where the incumbent was defeated, the market fell 1.4% on average.** No matter what the outcome of the election, however, the Dow has rallied in 81% of the election years between May and December with an average increase of 10.7%.

We believe a Bush victory, while hardly certain, is the most likely outcome. The incumbent historically has had an advantage and Bush will likely maintain a financial advantage over Kerry.

Additionally, Kerry is counting on a weak economy and weak jobs market to gain traction with voters. It is increasingly likely that the economy will grow sufficiently to blunt his criticisms, which often seem to be lacking veracity in any event. Moreover, it will be difficult for Kerry to trump Bush on the terrorism issue and further terrorist attacks would likely strengthen Bush's standing with the voters rather than weaken it. Finally, an examination of the likely voting patterns on a state-by-state basis currently gives a slight edge to Bush in the battle to attain 270 Electoral College votes (see Table 1). If the economy does continue on its current path and the war on terrorism shows progress, it is possible that the vote in the end will not be as close as it looks at the moment. **Bush's greatest weakness is continued bad news flowing from Iraq, which could undermine the American public's confidence in his ability to navigate the treacherous politics of the war on terror.**

Table 1
ISI Electoral College Outlook

Solid Democratic	Strong Democratic	Lean Democratic	Toss-Up	Lean Republican	Strong Republican	Solid Republican
CT 7 DC 3 HI 4 MD 10 MA 12 NY 31 RI 4	CA 55 DE 3 IL 21 NJ 15 VT 3	MI 17 ME 4 PA 21 WA 11	FL 27 IA 7 MN 10 NH 4 NM 5 OR 7 WI 10	AR 6 AZ 10 OH 20 MO 11 NV 5 TN 11 WV 5	AL 9 CO 9 GA 15 KY 8 LA 9 NC 15 VA 13	AK 3 ID 4 IN 11 KS 6 MS 6 MT 3 NE 5 ND 3 OK 7 SC 8 SD 3 TX 34 UT 5 WY 3
71	97	53	70	68	78	101
221				247		

Note: It takes 270 electors to win. The states are grouped according to how they would likely break down in a competitive election. All of the toss-up states were won by less than 2.5% in 2000, five of them <0.5%

Source: ISI

NEW BUBBLE AVERTED AS MARKET TURNS ITS ATTENTION TO INFLATION

"We know that in all things God works for the good of those who love Him" Romans 8:28(NIV)

As 2003 came to a close, we were concerned that a new stock market bubble had begun to form. Fortunately, the market quickly sobered up and a return to a degree of balance in share prices ensued. Optimism fell sharply as worries about the economy, inflation and the war in Iraq undercut investor confidence. **While we suspect rising anxiety about the economy and Iraq will eventually prove to be largely unfounded, inflation and its potential to push interest rates higher is a legitimate market concern. This will likely be one of the principal issues that the market wrestles with in coming months if not years.** As shown in Table 2, the level of inflation greatly influences the level of price-earnings ratios. Since valuations are already high for equities and because profit margins are already near peak levels (see chart 7), it is difficult to see how equities could turn in compelling performance over the next several years. With earnings growth expected to be more moderate going forward, a decline in P/E

Table 2
Inflation and P/E Multiples
For the period 1950 - 2003

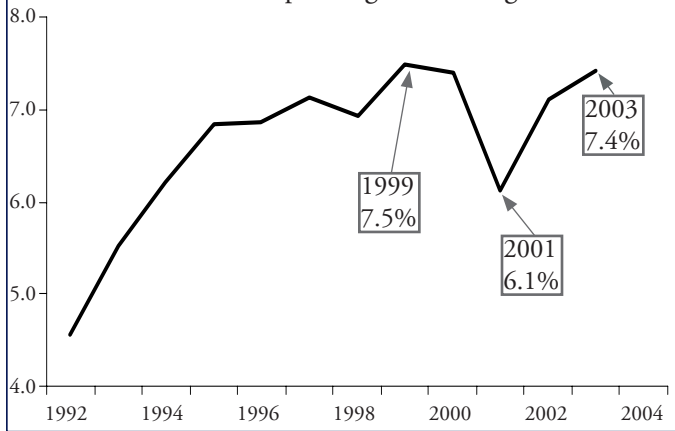
Inflation	Average S&P 500 P/E
< 2.5%	18.6x
2.5% - 3.5%	12.8
3.5% - 4.5%	12.1
4.5% - 5.5%	14.2
5.5% - 6.5%	12.8
6.5% - 7.5%	10.0
> 7.5%	8.6

Source: Goldman Sachs

ratios would offset some of the return potential investors could expect from stocks if inflation becomes a problem. Our best guess is that inflation will prove to be only a temporary concern for the balance of 2004. Somewhat higher interest rates and moderat

Chart 7

S&P 500 Operating Profit Margin



Source: ISI

benefit from inflation but this advantage may be blunted early in this cycle as values will be negatively impacted by the rising cost of financing on which most real estate transactions are so dependent. Therefore, it is possible that stocks will benefit from asset allocation decisions in favor of equities when interest rates start to rise significantly. Whether inflation becomes a problem or non-inflationary growth is maintained, it is comforting to know that we have a God who works all of our circumstances together for good.

ing economic growth in Asia could lead to a reversal in commodity prices. Indeed, this already seems to be the case even as the market, purportedly a discounting mechanism, just now seems to be beginning to address the inflation issue.

Should we be incorrect on our assumption that inflationary concerns will prove temporary, stocks could still remain the asset class of choice for investors. Bonds are even more sensitive to changes in interest rates than stocks as both interest payments and principal are fixed amounts. With stocks, at least earnings and dividends can rise along with inflation and provide a hedge for investors. Furthermore, bonds are expensive relative to stocks as indicated by the Federal Reserve's valuation model suggesting that stocks could hold steady or even appreciate while interest rates rise. Furthermore, interest rate increases have not had a clear negative impact on share prices since the mid-1980's as seen in Table 3. Real estate prices also tend to

Table 3

Duration and Magnitude of Increases in 10 Year Treasury Yields

Start		End		Basis Point	S&P 500 %Chg
Date	Yield	Date	Yield		
8/29/86	6.95%	10/16/87	10.23%	328	11.8
10/15/93	5.19	11/4/94	8.04	285	-1.5
10/2/98	4.31	1/21/00	6.79	248	43.8
6/13/03	3.13	4/13/04	4.35	122	14.2

Source: ISI

SELL IN MAY AND GO AWAY?

"In all your ways acknowledge Him, and He will make your paths straight" Proverbs 3:6 (NIV)

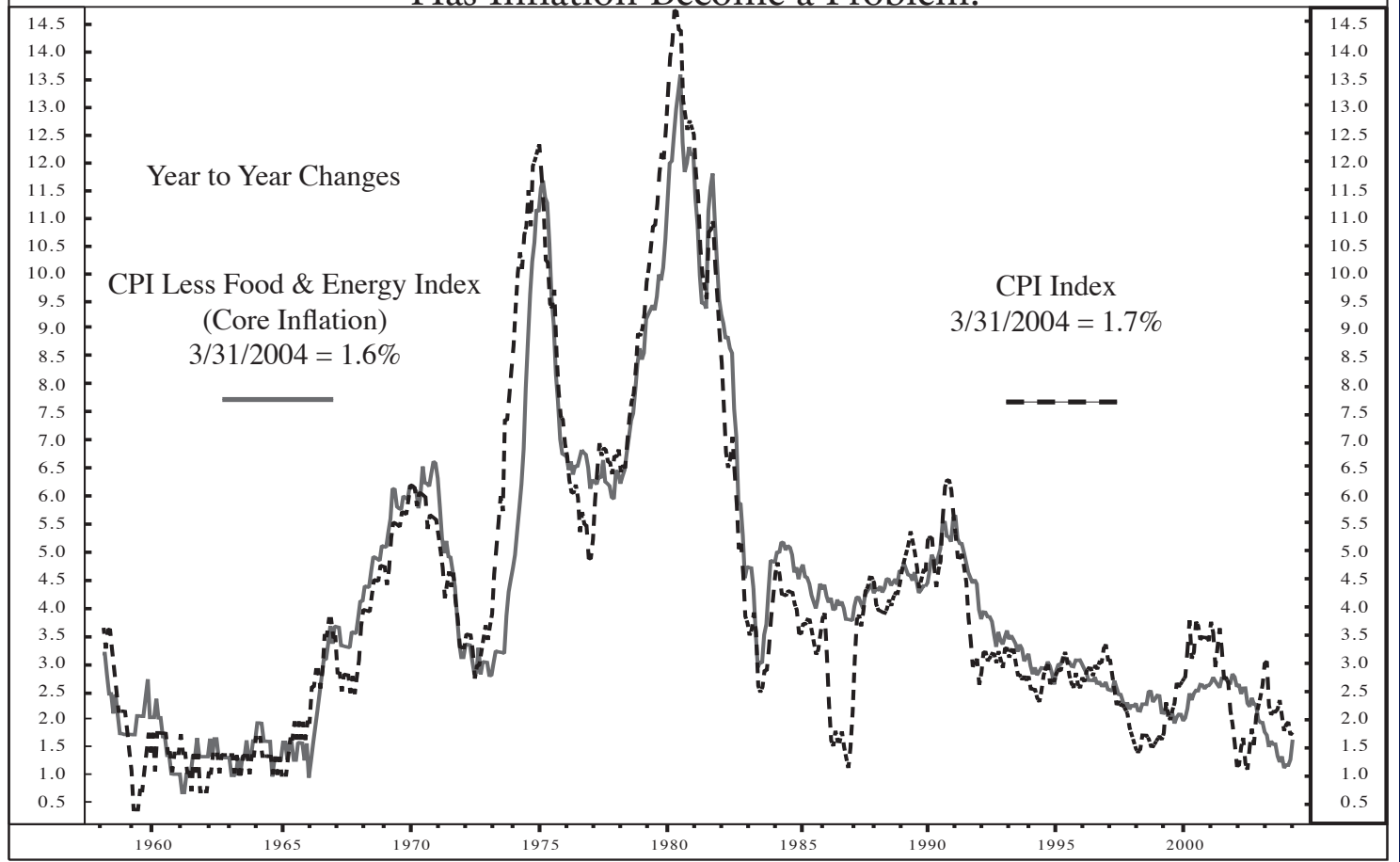
Currently investors know both the economy and corporate earnings are performing very well. Therefore, this good news is largely reflected in share prices. While sentiment has retreated from an extreme level of optimism earlier this year, strong earnings and economic growth mean there is not an abundance of pessimism present in the market either. The recent increase in interest rates is a response to the broadening of the economic recovery into the business sector coupled with China's rapid expansion. Both have increased inflation expectations. Chart 8 indicates that while inflation remains historically low, inflation outside of the volatile food and energy sectors has started moving higher. While this trend could remain in place for a short while, we suspect inflation is unlikely to get out of control anytime soon as higher interest rates in both the US and China will act to cool the economic forces generating inflationary pressures. If this turns out to be true, more moderate, non-inflationary economic growth may be the outcome. This could be conducive to higher equity prices. While such a scenario is a possibility, perhaps even a probability, other less optimistic situations should also be considered.

For example, a terrorist attack on a key US or global economic target could erode confidence in the economic recovery and the US dollar, thereby leading to a period of uncertainty and a stock market sell-off. Alternatively, China's efforts to stem its growth could either fail, leading to global inflation, or succeed too well and remove a pillar of growth for the global economy. Investors should be prepared for these and other potential negative outcomes and all the more so because share prices and expectations of future advances are high already.

Moreover, we are now entering a period that has historically been the weakest time of the year for the stock market. The old adage

Chart 8

Has Inflation Become a Problem?



Source: Ned Davis

“Sell in May and go away” has proven to be accurate advice for investors more often than not. We intend to remain as attentive as possible to the signals that the market is sending, and we fully expect the road ahead to be bumpier than that which investors have experienced over the last year. **Our client’s portfolios have been structured to reduce the exposure to interest sensitive stocks and are overweight in holdings of economically sensitive shares versus the indices.** We have also reduced the beta (volatility) of the portfolio and are focused more on high quality, larger capitalization names than in the past. As circumstances dictate, we may raise cash levels to preserve capital for better buying opportunities or rotate our sector exposures to where better long-term values can be found. It is clear that the issue of inflation expectations will dominate the market’s attention in coming months, but it is not yet obvious that a real inflation problem will develop anytime soon. While the results of our investment strategies cannot be guaranteed, we continue to work diligently to provide attractive absolute and relative long-term investment returns for our clients. Our hope is that as we acknowledge Him, our investment paths will be made straight despite the many hazards and obstacles investors continually face.

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

CHRISTIAN WORLDVIEW INVESTING (CWI)- INVESTING AS JESUS WOULD

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



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

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

1. Justice and mercy for the defenseless:
 - Abortion
 - Persecution of Christians and other oppressed peoples
2. Justice and mercy for the poor and needy:
 - Discrimination, Substandard labor practices
 - Any abuses of the poor, children and the elderly
3. Compassion for those addicted and/or engaged in sinful lifestyles and those organizations that support such activities:
 - Alcohol, Gambling and Tobacco
 - Pornography
 - Homosexuality
4. Protection of the institution of marriage and the family
 - Entertainment that seeks to destroy appropriate attitudes
 - Efforts to promote alternative lifestyles

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

1. Countries
 - Personal, political and religious freedom through democracy
 - Economic freedom through capitalism
 - Fiscal responsibility in government finances
 - Support for the Jewish people and the state of Israel

2. Corporate support for traditional Judeo-Christian values
 - Honesty, Compassion, Diligence, Prudence and Creativity
 - Support for quality products at fair prices and constructive stakeholder relations
 - Support for a sustainable and healthy environment
 - Support charitable giving

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

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

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

CWI IN ACTION - EXAMINING CORPORATE BEHAVIOR

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

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

THE GOOD - BB&T CORPORATION – BIBLICALLY-BASED STEWARDSHIP

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

BB&T, a regional bank headquartered in Winston-Salem, North Carolina, has consistently demonstrated its adherence to biblical principles of stewardship in its operations. Indicative of the Christian culture at BB&T, CEO John Allison opens all management meetings with prayer. BB&T not only has a mission statement but also a Purpose and a Values statement that outlines for employees and shareholders the positive approach the company takes towards the communities it serves, as well as its employees and clients.

The logo for BB&T, consisting of the letters 'BB&T' in a large, bold, serif font.

BB&T also excels in the area of giving. Moreover, Mr. Allison has stated that the company's giving will not be centered on donations that have a marketing advantage for BB&T. The company has been active in a variety of community service projects, has supported universities and local cultural attractions and has made significant donations to children's charities including the Methodist Home for Children. BB&T has also funded legal aid for the poor. Research by American Values Investments has shown that BB&T has also given to many charities that it never mentions on its website or annual report.

BB&T has won numerous awards for its good citizenship and has also been honored by Money magazine for having one of the best

benefit packages for its employees. Forrester Research and JD Power have also found that the bank's clients rank BB&T very highly in customer satisfaction. BB&T operates its own Banking School and BB&T University to assist in producing highly qualified employees that excel at meeting their client's needs.

Taken together, these purposeful efforts undertaken by BB&T's management exemplify their desire to provide superior stewardship over the operations of the company. Shareholders of BB&T, including some Stewardship Partners' clients, can be proud of their association with this company.

THE BAD - MICROSOFT – SUPPORTING ABORTION AND HOMOSEXUALITY

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



Microsoft

Investors are generally aware of Microsoft's ethical lapses in the area of anti-competitive actions as these have received significant publicity around the world. Shareholders, of whom there are millions, are most likely less aware of the information that our affiliate, ICWR, has uncovered regarding the company's support for the sins of abortion and homosexuality. In the past, Microsoft has made gifts of both cash and free software to Planned Parenthood facilities. The gifts of software may, in part, have been associated with Microsoft's programs to aid charitable organizations in general. The desire to aid charities is a noble action on the company's part but it would be our desire that they draw the line at aiding charities like Planned Parenthood that play a key role in both the death of millions of defenseless unborn children and promote the cause of abortion worldwide.

We pray daily that the hearts and minds of people who believe that abortion is a right will be renewed so that they might see the act of abortion for what it is – murder of a defenseless child. We are thankful to be living in a nation where there remains a substantial minority who has not given up the fight for the lives of the unborn. Sadly, in most countries today there is almost no opposition to abortion. Like the battle against slavery in the US and England in the 18th and 19th century, it may well be decades before success is achieved but we are confident the prayers of so many will eventually be answered and that this evil will one day end.

Microsoft has also been active in contributing to homosexual groups such as the Los Angeles Gay and Lesbian Community Services Center and the Lambda Legal Defense and Education Fund. Additionally, the company has been a high level sponsor of several homosexual conferences. Microsoft also offers its employees domestic partner health benefits.

Pornography can also be found on some of Microsoft's websites in markets outside the US but still easily accessible via the MSN.com US homepage.

We do not believe that homosexuals should be discriminated against. Rather, Christians should seek to minister in love to those caught up in this sin as we would to people caught in other sins. We would like to see corporations likewise engaging in programs that minister to this segment of the population instead of taking actions that promote the sin of homosexuality. Despite efforts to distort the Bible's teaching on this subject, in some cases by well intentioned Christians, God's word is very clear that homosexuality is a sin that harms those involved in this lifestyle. There is ample evidence of physical harm caused to many engaged in homosexual behavior but we are equally concerned about the emotional and spiritual damage this lifestyle causes. Since we seek to invest in companies that are a blessing to mankind, we are hesitant to invest in companies that actively promote homosexual behavior.



Special
Offer

ICWR maintains a database on the corporate activities of nearly 1,700 public companies focusing on their involvement in alcohol, tobacco, gambling, abortion, pornography and non-marriage lifestyles. Should you desire a report from ICWR on companies you hold in your portfolio, please feel free to contact Sharon Swaringen by e-mail at sswaringen@stewardshippartners.com. If you will simply provide us with a list of the companies you would like us to review, it would be our pleasure to produce a report for you that may be enlightening.

OUR ULTIMATE GOAL - FUNDING THE LORD'S WORK

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

It is our hope that Stewardship Partners' ability to produce wealth for you will help you to share with God's people who are in need and help fulfill the great commission. Our non-profit 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 40,000 other monthly visitors to our ministry's website at www.MinistryWatch.com, the internet's top site for donors to Christian ministries. Should you desire to have someone show you how to best use the www.MinistryWatch.com site, please contact Jim Batten at 704-841-7828 or jbatten@wallwatchers.org. We would be very pleased to be able to help you help God's people who are in need. Jim would also be happy to sign you up for our monthly e-mailed newsletter, MinistryDirect. You can also sign up yourself on our website. Additionally, Wall Watchers offers a bi-weekly e-mail newsletter with updates from our stewardship education site www.theGoodSteward.com which is visited over 10,000 times each month by Christians seeking wise counsel.

MINISTRYWATCH.COM FEATURED MINISTRY – CADENCE INTERNATIONAL

"Endure hardship with us like a good soldier of Jesus Christ." 2 Timothy 2:3 (NIV)

In view of the personal sacrifices that US and coalition military personnel are currently making in the war on terror in Iraq, Afghanistan and elsewhere in the world, Cadence International seems to be a logical choice for this quarter's featured ministry. Cadence is an evangelical Christian ministry founded in 1954 by a former US soldier to minister to the needs of our nation's servicemen. Since that time the ministry has expanded to meet the needs of soldiers from other countries as well. Over the years, the US ministry has grown and now has over 100 missionaries working mostly in off base "hospitality houses" which are often the missionaries' home. The hospitality houses are the center of most ministry activities and serve as a home away from home for military personnel. Home cooked meals, social activities, Bible studies, prayer groups and worship services are all part of the activities found at Cadence's hospitality houses. Cadence also reaches out to the families of soldiers through Malachi Ministries. Malachi's ministry is separate from the hospitality houses and works in direct co-ordination with military chaplains to serve the youth of military families, 50-75% of which are estimated to be non-believers.

Cadence receives an "A" Transparency Grade from MinistryWatch.com and receives a four star Financial Efficiency Rating as well. Within the Fellowship Evangelism category, Cadence ranks third out of twenty-four ministries in financial efficiency. Cadence is a small ministry with \$6.5 million in revenues in 2003, which could certainly benefit from additional financial resources to continue and expand its important work on behalf of our soldiers and their families. For more details on this strategic and worthwhile ministry readers should read the full MinistryWatch.com report on Cadence at: http://www.ministrywatch.com/mw2.1/F_FullRpt.asp?EIN=846027655.

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

give to Christian ministries?

Teaching on Christian 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)

HOW

give with a discerning mind?

Professional Advisors:

- CFPN (cfpn.org)
- Christian Community Fdn (thefoundations.org)
- Nat'l Christian Fdn (nationalchristian.com)

Donor Advisors:

- Calvin Edwards & Co. (no website)
- Gordon Loux (mygivingcoach.com)
- Legacy (philanthropyatwork.com)
- Excellence in Giving (excellenceingiving.com)

WHERE

invest in kingdom ministries?

Ministry Research:

- ECFA (ecfa.org)
- Generous Giving (generousgiving.org)
- Geneva Global (genevaglobal.com)
- MinistryWatch.com (ministrywatch.com)

Ministry Mutual Funds:

- Nat'l Christian Fdn (nationalchristian.com)

Online Donation Services:

- Network For Good (networkforgood.com)

FEATURED CHRISTIAN MINISTRY MARKETPLACE PARTICIPANT – NATIONAL CHRISTIAN FOUNDATION

“Do not forget to do good and to share with others, for with such sacrifices God is pleased.” Hebrews 13:16 (NIV)

The National Christian Foundation (NCF) is the country's largest community foundation devoted to helping Christian donors give wisely to further the Gospel of Jesus Christ. Founded in the early 1980's by current Chairman of the Board Terry Parker, an attorney specializing in wills and estate planning, NCF has facilitated over \$400 million in gifts to more than 5,000 ministries and charities. Given the excellent services NCF provides to Christian donors, it is likely that its impact on Christian ministry will grow rapidly in the years to come. NCF houses over 2,000 separate donor advised funds and has assets of over \$420 million. Grants from funds overseen by NCF are always aligned with the foundation's Christian worldview.



David Wills, NCF's president, provides capable stewardship for NCF's wide-ranging activities. For example, NCF's services to Christian donors include fund accounting, administration, legal advice and access to professionally managed portfolios. Such services provide donors with an alternative to setting up their own private foundation, which can be costly, time consuming and is subject to certain limitations. NCF also has the capacity to handle complex gifts such as real estate and closely held stock. Additionally, NCF can provide philanthropic counseling to major donors and also will provide assistance to local communities that want to establish a local community foundation.

Many wise Christian donors have already taken advantage of the resources available from the National Christian Foundation, including Rusty and Carol Leonard, the founders of Stewardship Partners. For anyone with more than \$10,000 to give to Christian ministry, a donor advised fund from NCF is definitely worth considering. David Wills can be contacted at 1-800-681-6223.

Knowing Jesus Christ as Your Lord and Savior

While most of those reading our quarterly market commentaries 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 Federal Reserve's valuation model or the problems in the Japanese banking system. 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. "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 to be united with us for 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 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 to 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 recognizing 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.

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