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STOCK PRICES GRIND HIGHER AMIDST INVESTOR CONFUSION

"For God is not the author of confusion but of peace". 1 Corinthians 14:33 (NKJ)

It is quite apparent to me the financial markets are currently in an even more confused state than normal. During the course of the second quarter, stocks, bonds and currencies were assaulted with a barrage of new economic data, which could be interpreted either bullishly or bearishly. For example, as the quarter began, investors were concerned global growth was too fast. China's economy was overheating and putting upward pressure on commodity prices and inflation expectations. Both the Japanese and US economy were growing faster than expectations as well, with the US experiencing rapid new job creation. While these developments had positive implications for corporate earnings, such issues also had a negative impact on inflation

and interest rate expectations, which are critical components in how investors value the anticipated higher earnings. The Federal Reserve, by continuing to hold the inflation adjusted Fed Funds rate in negative territory, was responding too slowly to the rising inflationary threat (see Chart 1). The Fed's long held accommodative monetary policy, once viewed as an asset for the struggling post-9/11 economy, had now become a liability. With its recent rate hike, the Fed acknowledged the need to refocus on the inflation threat and we expect additional vigilance on this front as required by future trends in inflation expectations and growth.

Still, investors became concerned about the speed and effectiveness of the Fed's actions and were left in a quandary. Should they focus more on favorable earnings revisions or the rising level of interest rates? Moreover, higher inflation and interest rates naturally feed back through the economy and cause growth to slow. Likewise, oil prices initially rose during the quarter in response to the strong growth outlook. The fact oil surpassed \$40 per barrel at one point led to concerns the global economic outlook would weaken due to the not-so-hidden tax higher oil prices place on economic activity. Of course, the resulting slower growth reduces the upward pressure on interest rates and inflation. As a result of all these head-spinning developments, investors remain unsure which way the economy, inflation and stock prices are headed. They may stay in a

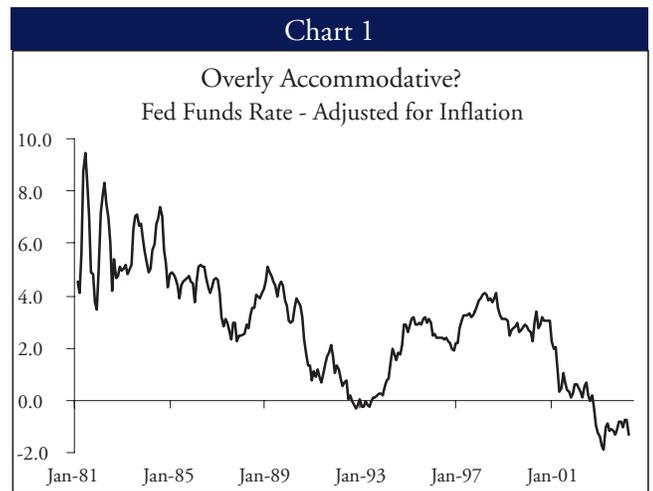


Table 1

2Q04 Total Returns

US Indices	
S&P500	1.73%
NASDAQ (price only)	2.69%
Treasury Bonds	-5.46%
High Grade Corp. Bonds	-4.83%
Gold	-4.91%
Global Index	
MSCI World	1.04%
International Indices	
MSCI EAFE	2.32%
MSCI Euro	2.40%
MSCI Far East	-3.79%
MSCI Japan	-3.90%
MSCI China	-0.31%
US Economic Sectors (Price Only)	
Energy	6.95%
Materials	1.96%
Industrials	7.97%
Consumer Discretionary	-0.49%
Consumer Staples	-0.01%
Health Care	2.34%
Financials	-2.94%
Technology	2.76%
Telecom	-1.77%
Utilities	-2.27%

Source: ISI, Merrill Lynch, MSCI

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confused state until such time as it becomes clear which of these counter-balancing economic forces edges out the other and becomes the main focus of investor attention. Naturally, it is also entirely possible all of these investor fears are overblown and neither growth nor inflation is able to gain an advantage on the other. Should this be the case, which we believe is likely, the global economy might be able to expand at a reasonable rate without inciting strong inflationary forces, a scenario that would be indisputably positive for equities.

While investors often tie themselves in knots worrying over every new data point, Christian Investors can be grateful that we serve a God of peace who has no desire to lead us into confusion. Indeed, he has not only provided for us in this temporal world but, more importantly, has already provided for our eternal well-being. Through our faith in Jesus, we have no confusion at all about our ultimate destiny even if we must bear up with temporary problems in this world.

Despite the economic turmoil during the quarter, which was increased even further by the still uncertain outcome of the US presidential race as well as the insurgency in Iraq and shameful prison scandal, equities in the US and Europe managed to achieve a small advance (see Table 1 on previous page). Asian stock prices fell in what we believe to be an erroneous overreaction to the concerns that China's rapid growth would swing suddenly to slow growth. Bond prices also suffered during the second quarter as interest rates responded to the impending Fed rate hike and the inflationary threat. Stewardship Partners' US equity accounts had a particularly strong quarter due to our emphasis on cyclical stocks while our Global and International accounts trailed the indices due to our exposure to Asian equities.

A RETURN TO A GOLDILOCKS ECONOMY?

"You will know that your tent is secure ... and fear no loss". Job 5:24 (NASB)

The markets were rightly concerned about the inflation/growth trade-off in the first quarter. This issue is likely to define the course of the market for the foreseeable future. The stakes for investors are very high. Should the more than two-decade trend of declining inflation rapidly reverse course, financial asset prices will be heavily impacted. If the global economy is instead about to experience a hard landing, the implications are also unpleasant. Investors reacted with a degree of fright at the first sign of inflation during the second quarter and then quickly reversed course, becoming concerned about weakening economic trends despite rather scant evidence of such. We believe a measured consideration of all the influences on the global economy argues more for growth that is likely to be neither too hot nor too cold. Investors will be like Job, knowing their tent is secure.

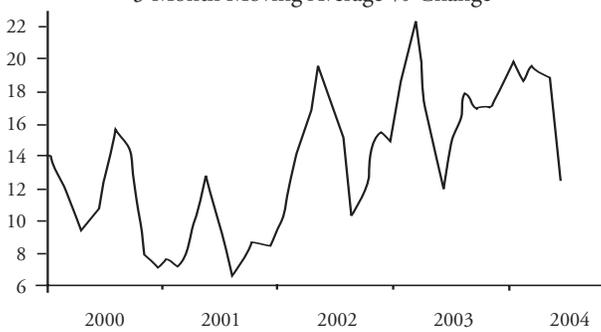
The primary reason for our belief in such an outcome is the self-correcting nature of our economic system. No one component of the economic structure can normally get too far out of place before forces arise to counter-act it. These natural forces

are currently even more sensitive to the threat of hyper growth and inflation due to the explosion in debt in recent decades. In many ways debt holders hold sway over the world's economy, particularly if growth accelerates too quickly. The so-called bond market "vigilantes" would quickly sell their holdings, causing interest rates to rise and rapid growth to be halted in its tracks. Additionally, the high level of debt also means those entities that have borrowed too much money do not have as much flexibility to borrow more and continue to grow at above trend rates. Indeed, the desire to reduce debt from excessive levels to restore financial flexibility may actually act to retard growth.

The surplus of sizable deficits the US currently faces (federal budget, trade and current account) will also act to slow the global economy. Having already overspent in the process of seeking to avoid a deflationary spiral, the US finds itself at a point where it must now curtail

Chart 2

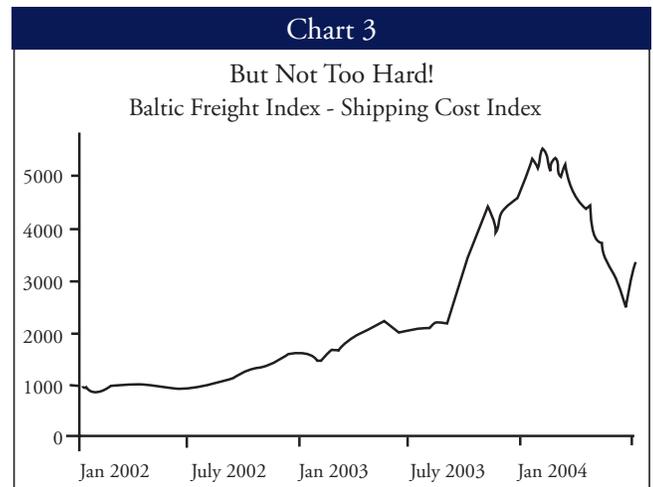
China Hits the Brakes!
China Industrial Production
3 Month Moving Average % Change



Source: ISI

its appetite somewhat in a hopefully gradual adjustment period. A slower growth rate in US demand for the world's products and a shrinking federal budget deficit will also undermine inflationary pressures on the margin.

We believe these circumstances will likely allow the Fed to implement its desired policy of gradual adjustments in short-term interest rates while longer-term interest rates move in a narrow range. Presently, the still low level of short-term interest rates is one of the factors supporting faster than normal economic growth. With its recent rate hike, however, the Fed has signaled to the markets that the tightening cycle has begun. Moreover, the language in its recent announcement indicates its intention to react more aggressively if needed. Strong growth was needed to break the back of the deflationary threat in 2003 but, having succeeded in this mission, the Fed is now firmly focused on not allowing a new inflationary spiral to take hold. Likewise, Chinese authorities also responded quickly, as they have in the past, to the inflation threat stemming from the country's hyperactive growth as seen in Chart 2 on the previous page, where Industrial Production growth slowed markedly in response to strident efforts by policy makers. The Chinese authorities can also reasonably be expected to take whatever further action is needed to keep inflation in check in the future. Meanwhile, there are a number of indications that Chinese attempts to slow their economy have not gone too far, including a rebound in the Baltic Freight Index as seen in Chart 3. By year-end, we suspect investors may be feeling more comfortable about the future trajectory of economic growth and inflation but we acknowledge that some risk of a more onerous outcome remains. The biggest risk that the US and global economy faces is the possibility that Japan and China would too quickly cease financing the US's over-consumption through their purchases of our government debt. This would push interest rates higher rapidly and cause a recession. We believe it is unlikely that this will occur at this time



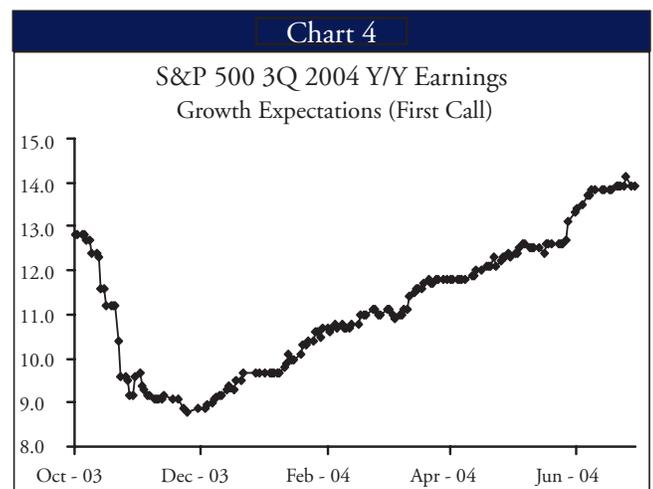
Source: ISI

CAN THE EARNINGS PARADE CONTINUE?

"Misfortune pursues the sinner but prosperity is the reward of the righteous". Proverbs 13:21

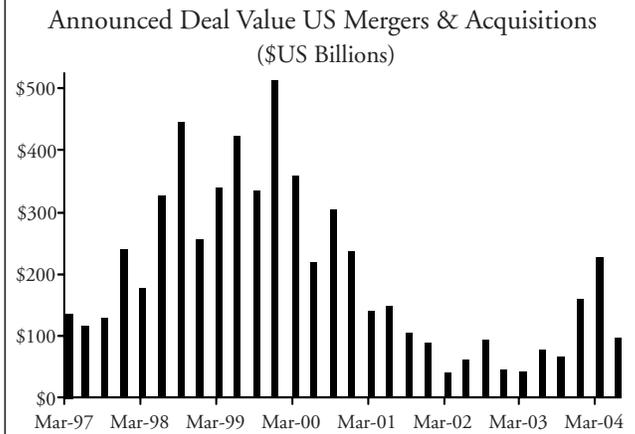
Corporate earnings have consistently surprised investors on the upside in recent quarters. A combination of stronger than expected revenue growth and tight expense control in the post bubble environment has led to a rapid expansion in profit margins and a quick recovery in earnings. While we initially thought the growth rate in earnings would hit its peak in the first quarter of 2004, second quarter earnings will continue the acceleration seen earlier. Furthermore, the quality of earnings remains high with little difference between operating and reported earnings levels. As time passes, however, it is inevitable that year-over-year comparisons will become more difficult and earnings will rise at a slower pace than seen in recent quarters. But as seen in Chart 4, earnings are still expected to rise at a very respectable 14% in the third quarter.

Already, the pace of positive earnings pre-announcements has slowed. As corporate management began to believe in the sustainability of the economic recovery, they have begun to add both staff and equipment to relieve the pressure on over-extended employees and facilities as well as to prepare for future growth. This may limit additional margin improvement in the near term. Furthermore, while corporate balance sheets are much better situated than consumer balance sheets, higher interest rates will also take a small bite out of corporate earnings. Rising fuel and



Source: ISI

Chart 5



Source: ISI

commodity costs also threaten corporate profitability as does the likelihood of slower productivity growth and higher wage growth.

While all these forces will likely limit further margin expansion and may even lead to lower profit margins, we remain confident earnings will continue moving higher. Nominal GDP growth should be maintained at reasonable levels thereby fueling corporate revenue growth. Reviving merger and acquisition activities (see Chart 5) may also bolster the top and bottom lines of many larger companies. A weaker dollar as well as faster Asian economic growth may lead to improved revenues and earnings from foreign operations. Accordingly, earnings should continue to advance but at a slower pace than in the recent past.

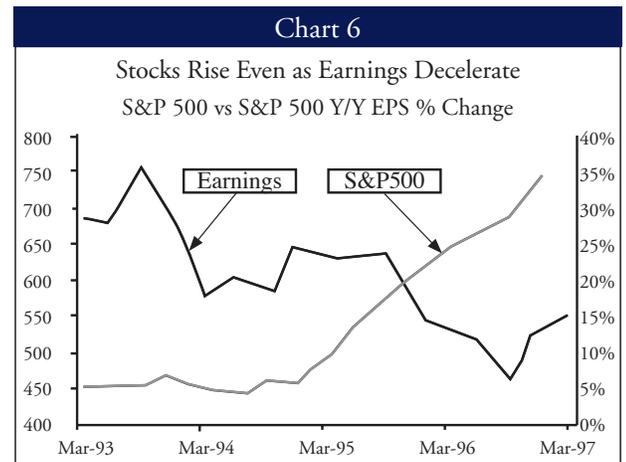
The complexion of corporate earnings, however, may change. As the growth in consumer spending moderates and China's growth (and of the emerging markets in general) prompts greater demand for industrial goods, faster relative profit growth may be seen in years to come from businesses tied to capital spending rather than consumer spending. Profit growth in the financial sector may be slower than in the past as the benefits of sharply falling interest rates on volume and margins are not likely to be repeated. Over the long-term, however, the emergence of China as a huge global economic force may produce a sustained spike in economic activity and profit growth for the entire world. Japan's economy (currently the world's second largest), is also poised to once again contribute to global growth. While the short-term outlook may be for softer profit growth, the long-term outlook remains intriguing. China's impact on the global economy over the next two decades could be very similar to the positive effect the baby boom generation had on the US economy over the last two decades. If these expectations prove largely accurate and inflation can be kept at moderate levels, investors could enjoy an extended period of prosperity.

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WHAT MAY INVESTORS BE WILLING TO PAY FOR EARNINGS?

"Honest scales and balances are from the Lord". Proverbs 16:11 (NIV)

At the outset of the third quarter, investors appear to be unwilling to pay for the strong earnings the vast majority of companies are about to report as share prices have fallen sharply. Price-earnings multiples have already been shrinking in the face of rising inflation and interest rate expectations, with the effect of nearly offsetting the positive impact on stock prices from sharply higher earnings. Concern that earnings growth rates have peaked and/or earnings will falter due to an as yet unseen economic decline has also weighed on valuation levels. Yet, as shown in Chart 6, the S&P advanced consistently despite decelerating earnings growth in the mid-90's. These factors, coupled with increasingly disconcerting terror warnings related to the US election process, appear to be behind the early third quarter market sell-off.



Source: ISI

While terror warnings are very much a legitimate, yet unquantifiable fear, we believe investors are most likely overreacting to the other issues. Inflation will certainly increase from the very low levels seen in recent years, but a move to alarming levels of inflation seems unlikely at the moment. If we assume long-term inflation expectations settle in the 3-4% range, then an S&P 500 P/E ratio of 17-18X seems attainable. With stocks currently selling at about 15.5x 2005 earnings, there is an opportunity for a meaningful return from US stocks. Additionally, many sectors within the S&P 500 are valued below the average due to the continued distorting

effect of high technology sector P/E's. Potential also exists for either earnings to surprise on the upside or inflation to surprise on the downside, leading to higher P/E multiples. As the current high level of economic uncertainty recedes and investors begin to more fully grasp the potential for an extended uptrend in earnings (primarily a result of China's rapid expansion toward economic maturity), the pressure on valuations should be to the upside as investors begin to utilize more "honest scales and balances" to measure the value of corporate earnings.

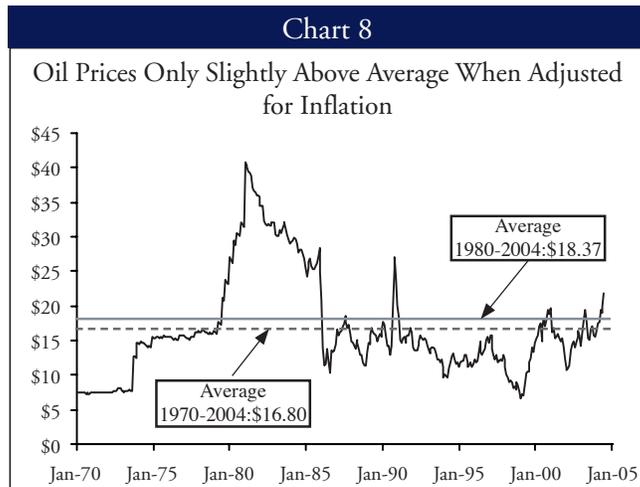
Returns earned by foreign stocks could also exceed those in the US in coming years as our expectation is for foreign currencies to strengthen versus the US dollar over the next few years as the US economy moves through the process of correcting its federal budget, current account and trade deficits. We are particularly intrigued by the long-term prospects for Asian stocks due to the re-emergence of Japan as a growth engine for the world, the impact China's rise towards economic superpower status will have on the region, the faster earnings growth companies should enjoy in this region and the currently lower valuation levels.

We are also encouraged by the market's short-term prospects since it appears to be oversold technically on mostly unsupportable concerns about equity fundamentals and also because investors do not appear overly optimistic. Moreover, Fed action to slow the economy and quell inflation expectations have not been able to thwart the market's advance in the past (see Table 2).

UNCERTAINTY AND SHORT TERM FOCUS BREEDS LONG TERM OPPORTUNITY

"A simple man believes anything, but a prudent man gives thought to his steps". Proverbs 14:15

It is easy to write headlines that alarm investors. Most investors, even many professional investors, seem unable or unwilling to get beyond the blaring, bleating fear-mongering that most news outlets utilize to attract viewers. For example, consider the rise in oil prices above \$40 per barrel, backed by speculative buying by hedge funds. As reflected in Charts 7 and 8, while the increase in oil prices entered previously unseen territory in nominal terms, when adjusted for inflation, oil prices remain well below previous peaks and only slightly above the



Source: ISI

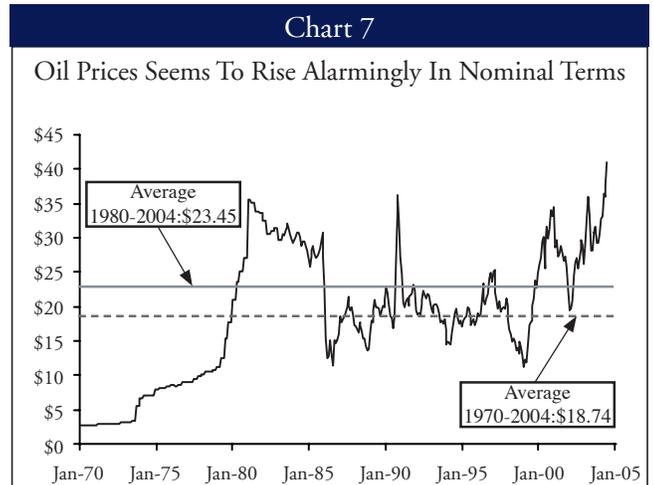
long-term average. When viewed in this context, the economic damage higher level of oil prices might create is likely to be far below that seen in the mid-'70's. Oil prices would likely need to move over \$50 per barrel before the consequences for the world economy could be considered severe. Additionally, rising oil prices themselves put into action forces which greatly reduce the likelihood of the trend continuing. Nevertheless, many investors will still presume the trend will not only continue, but also accelerate! As a result, the excessive fear investors have displayed related to oil's rise

Table 2

	Aggregate* Index Performance Before and After First Fed Rate Hike							
	-1 Yr	-9 Mo	-6 Mo	-3 Mo	+3 Mo	+6 Mo	+9 Mo	+1 Yr
Dow 30	24.3%	23.2%	12.9%	5.49%	6.6%	11.3%	13.6%	6.5%
Nasdaq	27.9%	26.6%	12.6%	3.8%	9.8%	22.3%	24.6%	15.1%
S&P500	20.7%	20.2%	10.1%	3.5%	6.4%	11.8%	14.9%	10.5%

*FOMC Rate Hikes in Mar-83, Nov-86, Feb-94, Mar-97, Jun-99

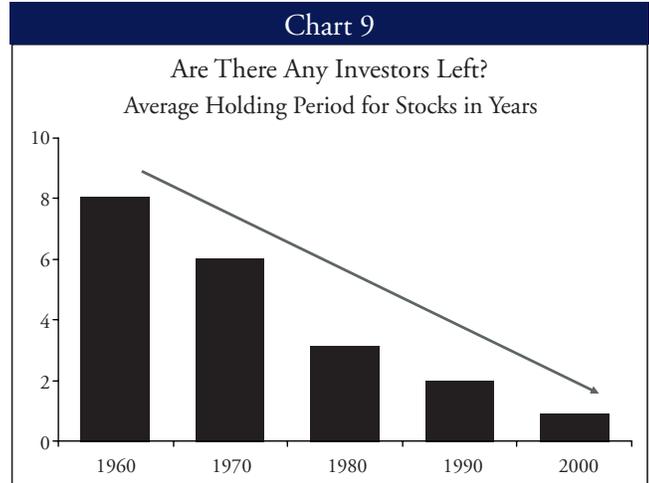
Source: ISI



Source: ISI

provides an opportunity for prudent long-term investors to position themselves for future profits.

Another factor aiding the prospects of long-term investors is the market's ever-intensifying short-term focus. The swift rise in the size and influence of hedge funds and technological trading advances, which have made active trading inexpensive for institutions and average investors alike, has further distorted the way the market reacts to events. Because investors are emotional, and since the cost of acting on their emotions has fallen sharply, holding periods for stocks have dropped precipitously (see Chart 9). As a result, investors will continue buying clearly overpriced shares because they believe they can properly time and execute a hasty exit if the trend starts to reverse. This type of behavior is often referred to as the "Greater Fool Theory" as it holds as a tenet that there is always someone more foolish than the current buyer who will purchase the overpriced shares you foolishly bought at even higher prices than you paid. This is what happened during the Bubble and even late in 2003 when low quality shares soared to ridiculous heights. Table 3 highlights that these higher beta shares have performed poorly thus far in 2004 as the buyers of such volatile shares discovered that there is an upper limit to the number of other fools active in the market.



Source: ISI, Bain & Co.

Table 3

Most Volatile Shares Perform Worst in 2004

Percent Price Change 2004

	Beta*	% Change
Decile 1	2.27	-3.3
Decile 2	1.67	-2.9
Decile 3	1.42	-3.1
Decile 4	1.23	-0.1
Decile 5	1.09	1.3
Decile 5	0.97	5.1
Decile 7	0.85	2.0
Decile 8	0.72	7.3
Decile 9	0.57	3.4
Decile 10	0.38	6.8

*Beta Deciles as of 1/1/2004

Investors have also recently sold stocks related to China on short-term growth concerns despite the fact many of these shares are not only among the world's cheapest but also offer the highest long-term growth potential. Since trading appears to be nearly cost free, these "investors" determine it is better to sell now and analyze later. This abandonment of proper long-term perspective, while frustrating in the short-term, does provide longer-term opportunities to those investors focused on fundamentals and value. The present condition of the market appears to offer worthwhile short and long-term appreciation potential. If a serious terrorist event is avoided and concerns about the election abate, the market may be able to attract significant attention from new buyers.

Stewardship Partners is clearly focused on understanding the fundamental prospects for shareholder wealth creation of the companies in our portfolios and identifying which stocks represent the best long-term value in relation to those prospects. We believe the longer-term returns for doing so only increas-

es as the average "investor" shortens their time horizon further. 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 within the context of a Christian Worldview Investing (CWI) approach.

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 for 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 (ICWR) 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, while growing, is still small.

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

CWI IN ACTION - EXAMINING CORPORATE BEHAVIOR

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

Below you will find an example of both a company that exhibits exemplary character, Synovus Financial, and one that we avoid, JP Morgan Chase, in our desire not to be supportive of or associated with enterprises 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 – SYNOVUS FINANCIAL – BIBLICALLY-BASED STEWARDSHIP

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



Jim Blanchard, Synovus Financial's CEO, clearly desires to instill a culture of servant leadership within his management team and the positive results of his and Vice Chairman Sonny Deriso's efforts in this area are evident. Blanchard has said, "Servant leadership is a worthy goal unto itself. We run our company this way simply because it's right, because every person who labors here has great worth and deserves to be treated so. Our company is built on these values. They define who we are". Deriso has been the champion of The Leadership Institute at Synovus, which focuses on training employees in the principles of servant leadership. Such programs greatly aid the effort to spread these biblically-based leadership principles throughout the organization. The company's commitment to these ideas is not fleeting. A recent annual report stated, "We will not compromise any of our principles for profit".

Nearly every week, Blanchard holds meetings with hundreds of Synovus employees where the emphasis is on finding ways to make the jobs and the lives of their employees better. Employees have the opportunity to share with top management their concerns and needs efficiently without having to be concerned about their ideas getting lost in corporate bureaucracy before ever reaching top management. It is not surprising that Fortune Magazine ranked Synovus 8th in its annual survey of the "100 Best Companies to Work for in

America” four years in a row. Working Mother magazine has also included Synovus in its “100 Best Companies for Working Mothers”.

In an attempt to reach out in love to its community, Synovus created a program named REACH (Recognizing and Encouraging an Atmosphere of Community and of Hope). REACH encourages Synovus employees to look beyond themselves and seek to make a difference in their area. Employees have built homes in conjunction with Habitat for Humanity, constructed playgrounds and delivered gifts and food to those in need.

Synovus says it is trying to create a “Culture of the Heart”. The Biblical foundations for this company’s efforts are unmistakable and laudatory. Stewardship Partners’ clients who own this stock in their portfolio can be proud of their ownership in a company that seeks to serve others in a Christ-like fashion.

THE BAD – JP MORGAN CHASE– SUPPORTING ABORTION AND HOMOSEXUALITY

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



Among large corporations in America, none appear to exceed JP Morgan Chase in their support for abortion. Our ICWR database has identified thirteen separate incidents where this company provided financial contributions involving hundreds of thousands of dollars to Planned Parenthood, the leading abortion provider in the country. This is more than twice as many incidents as any other company in the ICWR database. It is self evident that abortion is the murder of an unborn child. It is therefore inconceivable that anyone, Christian or non-Christian, would want to be part owner in a business that uses shareholder funds to actively support groups perpetuating this injustice against defenseless children in the womb. Christians who might profit from an investment in JP Morgan Chase may want to strongly consider another course of action. Since it is easy to identify other financial stocks with prospects as good or even better than JP Morgan Chase, disposing of this stock should not be a burden to Christian investors.

JP Morgan Chase is also listed as one of ICWR’s most active sponsors of homosexuality in corporate America. The company has made more contributions to homosexual groups than any other company in our database and has also been a very active sponsor of homosexual events. Its support for homosexual activities is extensive and amounts to hundreds of thousands of dollars in recent years. Furthermore, the company has advertised its products in homosexual magazines, has a gender identity clause in its non-discrimination statement, has an active homosexual employees group and offers domestic partner benefits to its employees. Not surprisingly, JP Morgan Chase has won numerous awards from homosexual groups for their support of homosexual causes.

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 just as we would to people trapped in other sins. We should make efforts to undermine Satan’s attempts to destroy our fellow men and women’s souls by seducing them into this lifestyle. For those already ensnared in this sin, we should reach out in love and seek to compassionately share the truths of scripture with them in hope of bringing them to repentance. We hope that one day corporations will offer programs that minister to this segment of the population instead of taking actions that endorse and even promote the sin of homosexuality. Despite efforts to distort the Bible’s teaching on this subject, in some cases by well intentioned Christians, God’s word is very clear that homosexuality is a sin that harms those involved in this lifestyle. There is ample evidence of physical harm caused to many engaged in homosexual behavior but we are equally concerned about the emotional and spiritual damage this lifestyle causes to its adherents. Since we seek to invest in companies that are a blessing to mankind, we do not invest in companies that actively endorse or 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 swaringen@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 web site at www.MinistryWatch.com, the internet's top site for donors to Christian ministries. Should you desire to have someone show you how to best use the www.MinistryWatch.com site, please contact Ken Carter at 704-841-7828 or kcarter@wallwatchers.org. We would be very pleased to be able to help you help God's people who are in need. Ken 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 – BIBLE STUDY FELLOWSHIP

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



Bible Study Fellowship (BSF), founded in 1961, teaches intensive seven year Bible study classes designed to help participants develop a vibrant relationship with their Lord and to prepare those who are called to ministry. BSF holds weekly classes that incorporate lectures, typically by a trained lay-person, and lively discussion.

BSF's leaders are selected from among a class's participants and receive additional training in a separate weekly meeting. BSF is therefore a Christian lay-persons ministry and has no denominational affiliation. Its classes are open to all people who are interested in learning more about the word of God, including those who are not saved. BSF wholeheartedly subscribes to a sound, evangelical statement of faith. It is committed to the principle that knowledge of God's word is critical to the victorious Christian life.

BSF is supported by donations from class members and by others desiring to make this program available to as many as possible. As a result, its fundraising costs are very low and it also spends its donations very wisely. While the ministry has built up a level of cash reserves (\$13 million) that reduces its asset utilization rating from MinistryWatch.com, its overall Financial Efficiency Rating is four stars and its transparency Grade is "A". For the full [MinistryWatch.com](http://www.MinistryWatch.com) report on this worthy ministry, please go to www.MinistryWatch.com and search for Bible Study Fellowship or just click on this link: [BSF](http://www.MinistryWatch.com).

THE CHRISTIAN MINISTRY MARKETPLACE – HELPING DONORS GIVE WISELY

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

Much like the stock market provides for a sensible and efficient allocation of capital in our economy, the rise of a Christian Min-

istry 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 group 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 web site)
- 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 – ECFA

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



The ECFA, founded in 1979 by a group of 150 Christian ministries, is an accreditation agency dedicated to helping Christian ministries earn the public's trust through adherence to its seven Standards of Responsible Stewardship. ECFA, under the leadership of CEO Paul Nelson, now has over 1,100 members. Donors to ECFA member ministries, which can be recognized by the ECFA seal on ministry literature, can have confidence that these ministries have voluntarily submitted themselves to the most comprehensive

rules and regulations of any peer accountability group in the non-profit arena. We would encourage interested donors to visit the ECFA web site at www.ecfa.org. Due to the good work of the ECFA, the Christian Ministry Marketplace is more advanced than the non-profit marketplace in general thereby affording donors to ECFA members greater confidence that their gift is being utilized wisely.

ECFA's Standards of Responsible Stewardship focus on board governance, financial transparency, integrity in fund-raising, and proper use of charity resources.

ECFA provides several services to the donor public. Disclosure requirements enable donors to request and receive audited financial statements for all ECFA members. ECFA's web site contains a membership directory with selected financial information of all its members, guidelines for giving, the Donor's Bill of Rights, and general information helpful to the giving public. The ECFA also responds to complaints against its members. All such complaints are investigated thoroughly in order to determine if there has been non-compliance with the ECFA's standards.

Knowing Jesus Christ as Your Lord and Savior

While most of those reading 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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