

## TURNING POINT TURMOIL

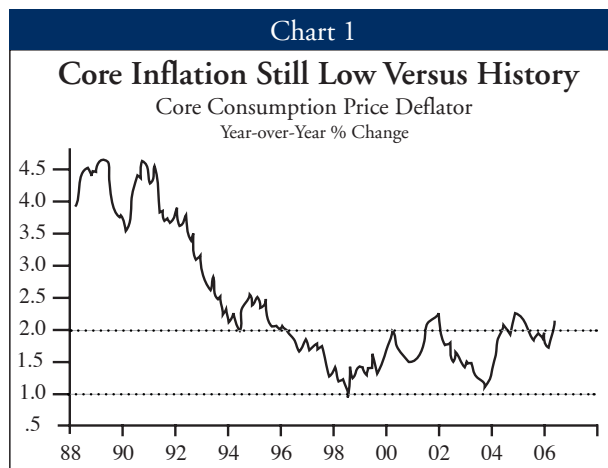
*"When they heard this, the crowd and the city officials were thrown into turmoil." Acts 17:8 (NIV)*

Equities rallied at the start of the second quarter but soon were in a state of panic that eventually destroyed over \$2 trillion in market cap worldwide. What set off such a dramatic sell-off, particularly in light of a favorable economic and corporate profit environment? Confusion. After two years of stability in Fed policy, a turning point was reached with the Fed now unwilling to give specific guidance as to its next step. Believing interest rates were likely near the level needed to restrain both too rapid economic growth and rising inflationary expectations, the Fed stated that its decisions on future interest moves would be "data dependent." Knowing that its actions work with a lag and more than aware of the Fed's past tendency to tighten monetary conditions too much, new Fed

Chairman Bernanke sought a more nuanced approach to end the current tightening phase. While core inflation trends are only modestly disconcerting (Chart 1) and the short term uptick in core inflation readings may well prove transitory, investors, also alarmed about rising global political tensions, lost perspective and panicked. If the Fed was not sure of its next move, investors were even more confused. **The uncertainty implied in the Fed's new approach was too much for many fragile-minded investors to handle, despite a backdrop of generally favorable economic fundamentals.** Commodity prices got deservedly pummeled following a greed-induced, bubble-like advance, but stocks fared poorly as well (Table 1). Only the bond market was able to keep its head in the midst of the turmoil.

While we correctly anticipated that inflation concerns might rise in the second quarter, we underestimated the market's overreaction to this development. As a result, we underperformed during the quarter across our different styles. We were also hurt by the significant underperformance of growth stocks during the quarter. Additionally, our sector weightings worked mostly against us as we were overweight the two sectors that performed the worst during the quarter, Health Care and Technology, and we had no exposure in the top-performing sector, Utilities.

**We took advantage of the market meltdown, what we deemed to be a "point of maximum pessimism," and upgraded our portfolio with high quality, attractively valued "Leaders" that we trust will produce strong outperformance for our clients in future years.**



Source: ISI

Table 1

### 2Q06 Total Returns

US Indices	2Q06	YTD
S&P 500	-1.44%	2.71%
Russell 1000 Growth	-3.90%	-0.93%
Russell 1000 Value	0.59%	6.56%
NASDAQ	-7.02%	-1.20%
S&P 400 (Mid Cap)	-3.44%	3.64%
S&P 600 (Small Cap)	-4.56%	7.70%
Treasury Bonds	-1.48%	-5.49%
High Grade Corp. Bonds	-1.80%	-4.81%
Gold	5.41%	19.59%
<b>Global &amp; International Indices</b>		
MSCI World	-0.33%	6.37%
MSCI EAFE	0.94%	10.50%
MSCI Euro	1.91%	14.57%
MSCI Far East	-4.15%	2.52%
MSCI Japan	-4.56%	1.95%
<b>US Economic Sectors (Price Change Only)</b>		
Energy	3.80%	12.80%
Utilities	4.70%	2.60%
Materials	-1.00%	5.70%
Consumer Staples	2.30%	3.30%
Health Care	-5.40%	-4.60%
Industrials	-0.50%	6.00%
Consumer Discretionary	-0.70%	1.90%
Financials	-0.80%	1.80%
Technology	-9.80%	-6.20%
Telecom	-1.40%	11.80%

Source: ISI, Merrill Lynch, MSCI

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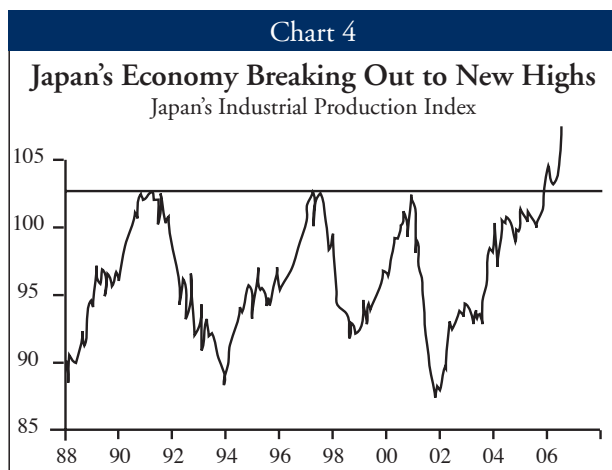
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## INVESTOR FOCUS MAY TURN FROM INFLATION TO GROWTH

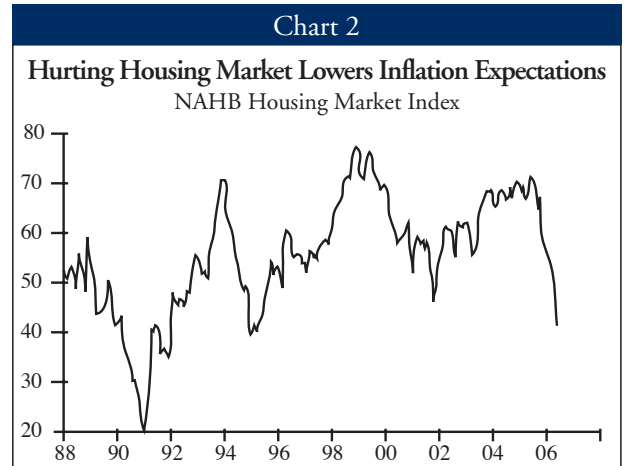
*“Turn away from Godless chatter and... what is falsely called knowledge.” 1Ti 6:20b (NIV)*

While overreacting to very short-term inflation data, investors have also been overlooking a generally favorable economic situation. Core inflation, for example, is still low when seen in a longer-term perspective. Moreover, even as investors became unsettled with relatively minor increases in a lagging indicator like inflation, they chose to ignore signs that inflation may be yesterday's problem. Rising gold prices have long been seen as an inflation indicator, but gold prices were plummeting during the recent stock market sell-off. Rapidly rising commodity prices have been highlighted as signaling higher inflation but stock prices fell simultaneously with a sharp correction in commodity prices. Bond prices also are an excellent leading indicator of inflation, but bonds have been rather stable recently and yields actually fell as equities declined. Last year's vibrant housing market was also a major concern of inflation bears, but that too has been cooling significantly (Chart 2). More recently, auto sales incentives have re-appeared helping to lower inflation expectations. Unit labor costs, a key long-term indicator of inflationary pressures, remain at low levels due to restrained compensation growth and strong productivity.

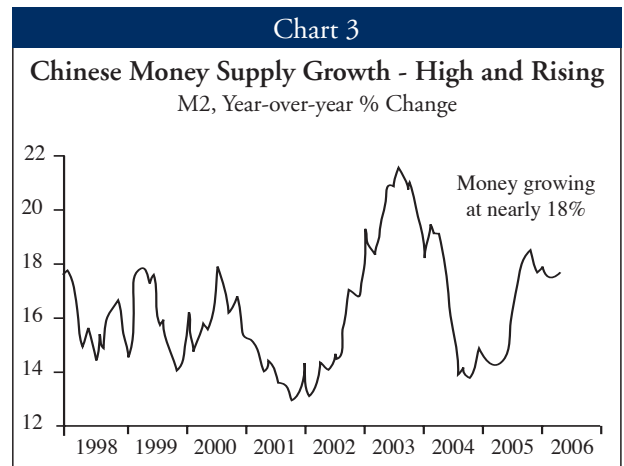
With indicators like gold, commodities, bonds, housing, autos and unit labor costs all pointing to moderating inflation, it seems possible that equity investors may begin to leave their inflation fears behind as the second half progresses, particularly if economic growth moderates. This alone could provide some upside for share prices. Still, the inflation issue is not yet completely resolved. Some argue that some central banks were too accommodative over the past three years. Therefore, they are concerned that inflation will prove harder to slay than generally believed as the excessive stimulus already in the system will take longer to unwind. Also of concern is the impact of foreign economic variables outside of the Fed's direct control such as rapid money supply growth (Chart 3) and currency values in China. If the world is awash in liquidity due to actions of other countries, the problem of too much money chasing too few goods could arise if the excess money is used for consumption rather than savings and investment.



Source: ISI



Source: ISI



Source: ISI

We do believe that inflation will need to be watched vigilantly in the years ahead as we expect above average economic growth to persist due to the rapid emergence of developing nations like China, India, Brazil and Russia on the world economic scene and stronger growth in Japan (Chart 4) and Europe. **From time to time, this rapid growth will strain the ability of the supply side of the global economy to provide adequate resources to maintain balanced, non-inflationary growth.**

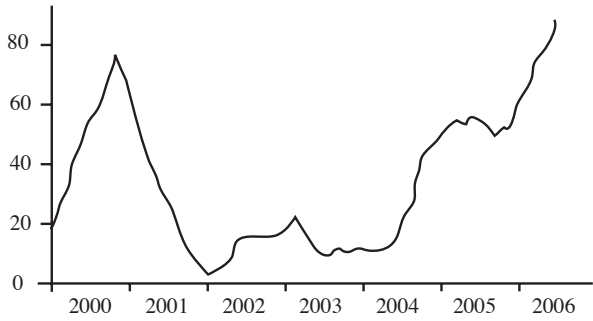
Some sectors of the economy, such as energy and commodities, where supply is constrained, may enjoy many years of higher prices, but this may not translate into a generalized inflationary problem. As has been seen in recent years, commodity inflation can run at quite high levels while other prices fall and inflation remains well contained overall.

Another reason to be less concerned about inflation is the central banks of the world appear strongly committed to keeping inflation from getting out of hand

Chart 5

**Central Banks Fight Inflation**

Number of Global Central Bank Tightenings  
No. of Tightenings Over the Last 12 Months



Source: ISI

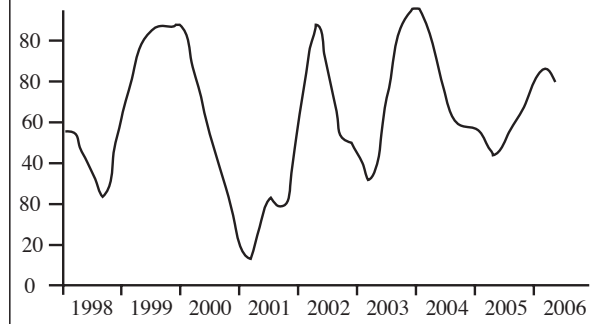
in corporate earnings. While there is not very much evidence supporting the case for a recession at the moment, we would not be surprised if investors failed to turn away from “what is falsely called knowledge.” Around turning points, investor uncertainty increases and some excessive investor fretting is not unusual. In the end, however, we believe that the ever flexible and resilient US economy will adjust to whatever circumstances it faces and move to higher levels of prosperity. For example, economist Larry Kudlow recently commented that the US economy had grown by 20% in just the last eleven quarters. That means that it added \$2.2 trillion in GNP, about the size of the Chinese economy. We would be surprised if such growth did not continue over the next three years and this growth is usually coupled with many wealth creation opportunities for investors.

as indicated by the rising number of rate increases (Chart 5). Most of the world’s central banks are currently in a tightening mode due to strong economic growth occurring globally. With Japan poised to exit its nearly two-decade deflationary experience and Europe showing surprisingly strong economic growth trends, the impetus for global long-term economic growth may be building a broader foundation even as US and possibly Chinese economic growth moderates. Still, the OECD leading indicators have recently rolled over (Chart 6) suggesting that some moderation in global growth may be in prospect over the short term. In our view, this would be a welcome development in order to help cool any lingering inflationary threats. Until a new non-inflationary, moderate growth trend is firmly established, however, investors will no doubt refocus their concerns away from the potential for a recession and a decline

Chart 6

**Leading Indicators Rolling Over**

OECD Leading Indicator  
6 Month Rate of Change



Source: ISI

**POLITICAL TURNING POINTS AT HOME AND ABROAD**

*“...who stilled the roaring of the seas and the turmoil of the nations.” Ps 65:7(NIV)*

Investor angst has clearly been elevated as the Fed has negotiated its transition to a new chairman and a new policy. An additional turning point in US government economic policy could arise as the new Treasury Secretary, Henry Paulson, takes the helm. Paulson was said to have negotiated greater authority from President Bush before accepting the position. It remains unclear how a Goldman Sachs bred Paulson will wield this influence but a change in policy may be in the offing, which might unsettle the markets. Still, investors can take comfort that Wall Street veterans at the Treasury have typically been associated with good returns for investors (Table 2).

Table 2

**Wall Street Experience Matters**

U.S. Treasury Secretary with Wall Street Background?	Avg. Annual Return on the S&P 500
Yes	14.9%
No	2.9%

Source: ISI

One area that will be interesting to monitor will be Paulson’s approach to the value of the US dollar. A strong dollar policy, backed by fiscal restraint, would no doubt be welcomed by the markets just as it was during the Clinton years. A weaker dollar is the current aim of G7 policy makers and it seems unlikely that the Bush administration would agree to support tax increases required to bring the federal budget into balance sooner. Federal tax receipts have actually been surprisingly strong (Chart 7, next page), supporting the argument that tax cuts, not higher taxes, encourage economic growth and higher tax receipts. If spending had been restrained in recent years, the budget might already be in a surplus now, aiding the value of the dollar.

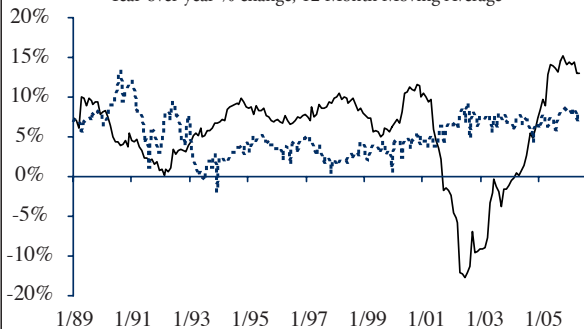
Unfortunately, Paulson is unlikely to have the opportunity to influence the future debate on the current attractive tax rates on

Chart 7

**Federal Tax Receipts Growing Rapidly**

Federal Tax Receipts and Outlays

Year-over-year % change, 12 Month Moving Average



Source: Haver, Bear, Stearns & Co. Inc.

fund the many programs outlined in the Democratic “New Direction for America” plan. Nevertheless, it may be too soon for investors to despair as Bush’s approval rating is recovering (Chart 8)—there is still plenty of time before the 2006 elections and because one should never underestimate the political skill of Karl Rove. While the Republicans are almost certain to lose seats in both houses of Congress in the 2006 mid-term elections, they may yet be able to retain control. Even in a worst case scenario of the Republicans losing control of both houses, the Democratic majorities would be slim. The Republicans, much like the Democrats during Bush’s presidency, would be able to block most Democratic legislative initiatives in the Senate, and Bush would still retain veto power if that strategy failed. The practical consequence of a Democratic victory in November would be a lot more Congressional investigations meant to sully the President’s image. Despite the possible transition to Democratic leadership in Congress, investors should keep in mind the Presidential cycle for the market. As seen in Table 3, Stocks tend to rally strongly from the low point in a president’s second year to the high point in his fourth year.

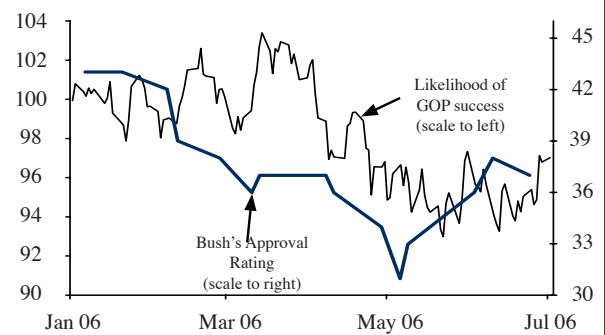
dividends and capital gains that are near and dear to investor’s hearts, unless he is reappointed by a new Republican president. While a compromise bill favorable for investors was recently worked out to extend the current low rates until 2010 from 2008, it will not be long before these issues are once again at the forefront of investor’s minds. Additionally, with a clear Republican backlash apparent in the opinion polls at the moment, the chances that decisions on how to form tax policy beyond 2008 will be determined by Democrats hostile to investor interests has risen meaningfully. Higher dividend and capital gains taxes would negatively impact our long-term P/E assumptions, reducing our expected long-term total returns from equities on a pretax basis and even more so on an after tax basis.

Furthermore, if Democrats emerge victorious in 2008, we believe that not only dividend and capital gains tax rates but also tax rates on the wealthy and the high level of corporate profits will prove to be inviting targets to help

Chart 8

**Bush and Republicans 06 Election Prospects Rebounding**

Bush’s Approval Rating vs. ISI GOP/Democrat 06’s Election Index



Source: ISI and Gallup

Table 3

Avg. S&P 500 Return from Low in 2nd Year of Presidential Term to High in 4th Year

**+45.8%**

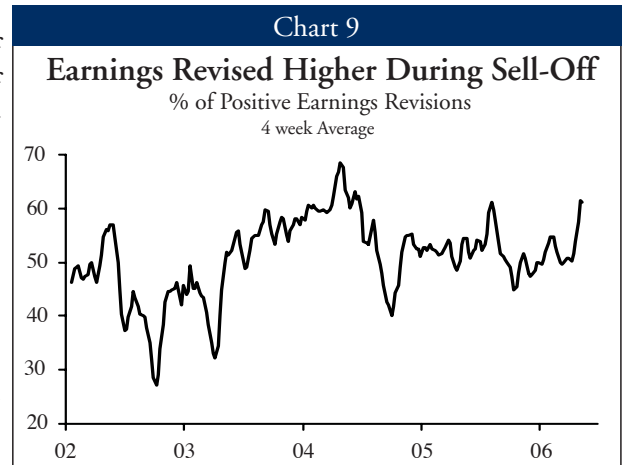
Source: ISI, Post WWII

Overseas, new and old challenges abound. Increasing nationalism in the third world threatens the Bush goal of extending democracy, capitalism and free trade. Nationalism is seen not only in oil producing nations but also in South American countries that control important commodity resources and could spread elsewhere. A multi-country religious nationalism, Islamic nationalism, remains on the rise and is a source of terrorism. Venezuela’s Chavez seems to be vying to be named heir apparent to Cuba’s Castro as chief regional irritant to the US. His plan to visit equally pesky North Korea to explore oil for missiles trade is particularly provocative. Iran, North Korea and Venezuela all seem to be making the most of the fact that the US military has its hands full in Iraq and Afghanistan. Moreover, the Bush administration’s transition to relying more on diplomacy to counter eruptions from third world dictators is also giving these troublemakers more room to maneuver. Israel’s recent attacks on Hamas and Hezbollah terrorists are an indication of how quickly market-moving events can arise in the Middle East. While none of these situations looks to be a serious long-term threat to the markets currently, all bear close attention for the possibility of transforming from an irritation to a real problem, particularly those where oil supplies and nuclear weapons are at stake. Investors need to be ready to adapt to new global political turbulence as it arises, but we are also thankful that our God is able to “still the turmoil of the nations.”

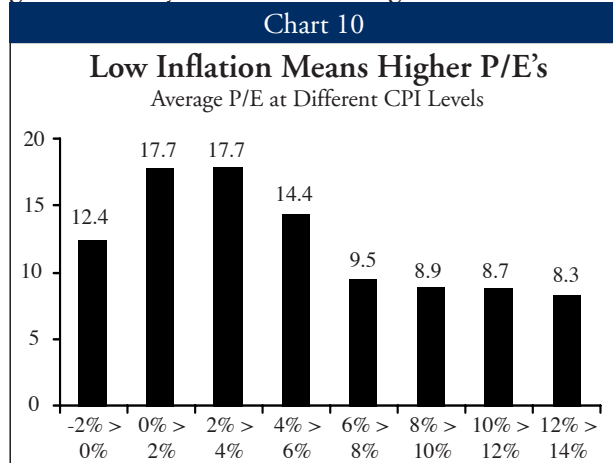
## A TURNING POINT FOR P/E MULTIPLES AND GROWTH STOCKS?

*“When anxiety was great within me your consolation brought joy to my soul.” Ps 94:19(NIV)*

The transition to a new Fed policy under a new Fed Chairman and its implications for economic growth and inflation has increased the level of uncertainty in the equity market. Possible changes in the political make-up of Congress and the as yet unknown policies of the US’s new Treasury Secretary may add to the level of investor insecurity. Rising tensions in the Middle East and North Korea are also creating anxiety for the markets. The confusion amongst investors arising from these situations clearly affected share prices in the second quarter and resulted in contradictory movements among different markets. **Despite the turmoil in the markets, analysts’ confidence in future earnings improved as indicated in a rising earnings revision ratio (Chart 9). It is not often that stocks sell off so sharply while earnings revisions are strongly positive.** Indeed, earnings have been stronger than expected all year and earnings expectations for the third and fourth quarter for the S&P 500 call for 14-15% gains. The drop in share prices in the face of strong earnings growth is a key factor contributing to what we believe is a meaningful under-



Source: ISI

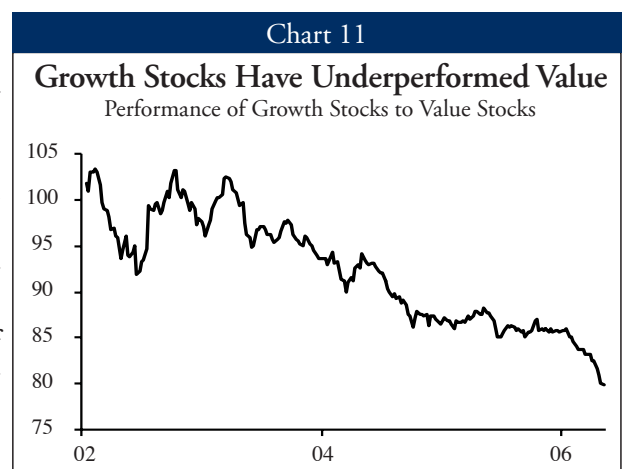


Source: ISI

valuation of share prices.

A key aspect for our bullish scenario for equities in 2006 is a rising P/E ratio. P/E ratios historically have averaged near 18x when inflation has been between 0% and 4% (Chart 10). With the CPI ticking slightly above the 4% level recently, P/E multiples have come under pressure, and are at just 14x 2007 EPS. **Given our belief that inflation pressures may soon begin to abate, there may well be a turning point in equity valuations in the offing that could lift stock prices in the second half of the year.** The combination of strong earnings growth with expanding P/E's could lead to a forceful rally. For this to occur, the market will need to be assured that earnings will not suffer significantly as economic growth moderates. In time, we believe investors will realize that earnings are not about to collapse, their anxiety will dissipate and favorable returns on equities will bring them joy.

Deteriorating P/E multiples are one of the reasons for the continuing and extraordinary underperformance in growth stocks relative to value stocks. We believe a turning point in this situation is also close at hand. It is unlikely that the relative undervaluation of growth stocks, now a seven year trend, could get much more extended without a reversion to the mean (Chart 11). These stocks now simply offer too much value for investors to pass up for long. Many of the fastest growing technology and health care companies were among those stocks that suffered most in the second quarter and many now sport P/E multiples below the expected long term earnings growth rate, a rare occurrence. Accordingly, we have altered our portfolio to take advantage of these opportunities and believe our current portfolios now have particularly strong long-term appreciation potential. **When P/E multiples begin to expand again, high quality growth stocks, such as those that dominate Stewardship Partners’ Leaders List, should be among the primary beneficiaries.**

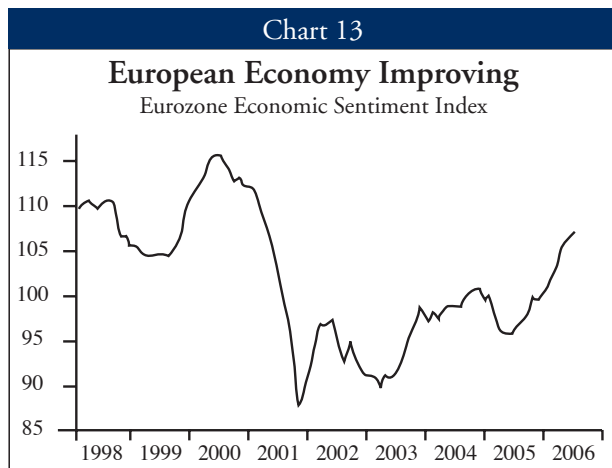
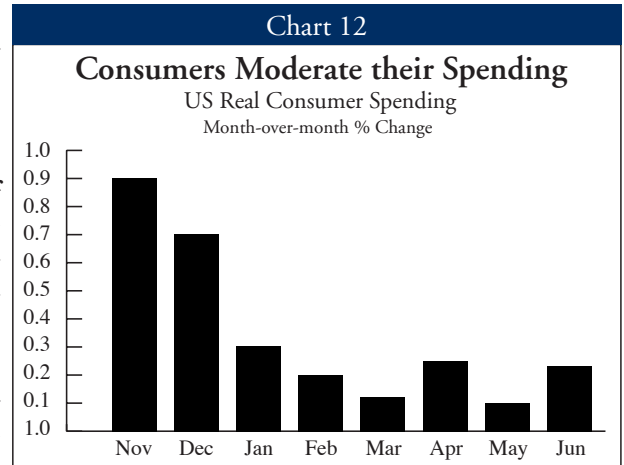


Source: ISI

## TURNING POINT OR CHURNING POINT?

*"Honor the Lord from your wealth." Prov. 3:9(NIV)*

Many economists have been mistakenly expecting economic growth to decelerate for much of the last two years in response to rising energy prices and interest rates. Instead, the economy has continued to advance at a rapid pace, creating wealth and confounding many experts. **As the Fed's interest rate policy evolves, our best guess for where the experts could be wrong going forward is once again in underestimating the staying power of the global economy.** The economy may not be at a turning point but rather a churning point, where it temporarily muddles along while it adapts to a new paradigm of global growth drivers. Before long, strong growth accompanied by recurring inflationary pressures and the need for higher interest rates to keep sustainable, balanced growth a reality, may well resume. Currently, we sense the market is growing concerned about much slower growth and significantly lower corporate earnings. While this is certainly a possibility, the evidence for such concerns remains rather weak and experts may once again be surprised by what we have dubbed "the postman economy"—it always delivers. **Given the global economy's strength, it may be hard to have a recession anytime soon and deflation concerns are clearly an ancient relic.**



For example, while the US consumer is clearly being affected by higher energy prices and interest rates, employment remains very strong, the consumer's balance sheet is in good shape and consumer spending in inflation adjusted terms, is simply slowing, not collapsing (Chart 12). We believe the US consumer will be less of a growth driver in future quarters, but it is unlikely that consumer spending is about to falter altogether. **After leading the global economic charge for an extended period, the US consumer is likely to drift to the middle of the pack while regaining strength and adapting to new global economic realities.** Coupled with a weaker US dollar, the US consumer's reduced appetite may already be contributing to a leveling off in the trade deficit. Over the long term, tamer consumer spending would also aid the current account deficit.

While consumers cool their heels, the business component of the economy remains very strong, benefiting not only from the good US economy but also increasingly from foreign economic growth. Asian and perhaps even European

economies, which have been exhibiting better economic conditions of late (Chart 13), may supplant the US consumer as the primary driver of global growth in the years to come. Emerging nation economies will certainly slow down from their hyper growth of recent years but will still contribute meaningfully to the continuing global economic expansion. **While the make-up of global economic growth may be altered slightly, investors will likely enjoy above average economic growth and wealth creation possibilities for years to come.** Occasional churning will no doubt occur as temporary imbalances get sorted out but the long-term trajectory of the global economy should remain favorable. Investors may need time to get comfortable with these changes, but ultimately rising prosperity is the likely outcome. As always, we will strive to position our client's portfolios to benefit most from these long-term trends so that they will have the best opportunity to honor the Lord with their wealth.

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

### *BIBLICALLY RESPONSIBLE INVESTING (BRI)- INVESTING AS JESUS WOULD*

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



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

the wealth the Lord has given us stewardship over. Simply put, a “what would Jesus do” approach to portfolio management is what we seek for our clients.

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

1. We desire justice and mercy for the defenseless so we screen out companies involved in:
  - Abortion
  - Persecution of Christians and other oppressed peoples
  - Life destroying scientific research
2. We desire justice and mercy for the poor so we screen out companies involved in:
  - Political oppression
  - Any abuses of the poor, children and the elderly
3. We have compassion for those addicted and/or engaged in sinful lifestyles so we screen out companies involved in:
  - Alcohol, Gambling and Tobacco
  - Pornography
  - Homosexuality
4. We want to protect marriage and the family so we screen out companies involved in:
  - Entertainment that seeks to destroy biblically-based attitudes
  - Efforts to promote alternative lifestyles

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

- Honesty, Compassion, Diligence, Prudence and Creativity
- Support for quality products at fair prices and constructive stakeholder relations
- Support for a sustainable and healthy environment
- Support for charitable giving
- Support for the Jewish people and the state of Israel

Armed with this information, we are then prepared to make as strong an effort as possible to build investment portfolios that

reflect our client's Christian worldview. We obtain the information on the objectionable practices of corporations from our affiliate The Institute for Christian Worldview Research (ICWR) ([www.ICWR.com](http://www.ICWR.com)) and the information on the positive attributes of corporations from both ICWR and our friends at American Values Investments ([www.americanvalues.com/](http://www.americanvalues.com/)). We believe these sources of information give Stewardship Partners the best database of BRI information that currently exists.

It is our hope that over time, we and other firms like ours may be able to gather enough assets under management to be able to influence corporate behavior with biblical principles. As things presently stand, the Christian message is not being heard as effectively as it could in the financial marketplace since the amount of money dedicated to BRI, while growing rapidly, still falls far short of that in liberal SRI funds.

For a more in-depth study of the topic of Biblically Responsible Investing, please see our paper entitled [\*"The Scriptural Basis for Biblically Responsible Investing."\*](#)

## BRI IN ACTION - EXAMINING CORPORATE BEHAVIOR

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*"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, Ecolab, and one we avoid, Chevron, in our desire not to be co-owners of enterprises engaged in or supportive of activities which are harmful to our fellow man and our Lord's creation. We believe, in the long run, both countries and companies that most align their activities with biblical principles will achieve the greatest success.

## THE GOOD – ECOLAB – SEEKING TO BE A GOOD STEWARD

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

Ecolab is a company that has many facets, most of which revolve around the critical function of maintaining clean, germ-free environments in hospitals and in the food services industry. The company services hospitals with numerous products including hand soaps and antimicrobial waterless rinses for patient care. It also serves bottling plants with products used to maintain clean storage tanks and a pest free environment. As the global leader in cleaning and sanitation services for restaurants, the company helps keep dishes and glasses clean, floors slip-resistant and restroom facilities hygienic. Ecolab also provides solutions for companies with critical water systems that enable companies to maintain purity, meet environmental regulations and enhance safety. There can be little question that Ecolab's work is beneficial to the communities it serves in almost 170 countries around the world.

Ecolab is as sensitive to being a good steward of the environment as it is to keeping its client's workplaces clean. The company states "We believe that corporations should conduct their business as responsible stewards of the environment... We believe that corporations must not compromise the ability of future generations to sustain their needs." These are not just idle words as the company has many programs that it implements to improve and monitor its environmental impact. It seeks to conserve energy by using small engines in its vehicles, employing the most energy efficient distribution systems, using heat recovery systems in its facilities, and even using geothermal energy in some locations. It also seeks to reduce waste and dispose of it effectively by reusing containers, using dissolvable containers in other instances and capturing and recycling waste water. These are just a small sample of the company's environmental initiatives, all of which are a credit to the company and should give shareholders comfort that the company is a good steward.

The company offers medical and dental plans, a 401(k) plan with a company match, an employee stock purchase plan, life insurance, a pension plan, as well as short and long-term disability plans. Ecolab also supports continuing education through employee assistance resources, an educational reimbursement program, a dependent scholarship program and reimbursement account programs. The company also offers benefits that support their employees' involvement in their communities. Through matching gifts and community service contribution programs, Ecolab ensures that its success is shared with others.



Through Ecolab Foundation, the company donated over \$3.6 million to charity in 2005. While the company's gifts generally avoid giving to any religious group, their gifts are clearly beneficial to the communities where they are active. In addition, Ecolab provided \$1.5 million in goods to hurricane victims in 2005 and the company's employees donated a further \$100,000 in cash, which the company matched. Nearly a third of the foundation's giving is targeted toward youth programs for at risk children, aiding learning readiness and preparing students for the workplace.

Ecolab has won many awards for its environmental, corporate governance and charitable efforts. It was named as one of "America's Most Shareholder-Friendly Companies" by Institutional Investor magazine. It has also won awards for its corporate ethics, its manufacturing processes, its environmental emphasis and for its superior business management. These many awards are a reflection of a well-managed company across the many disciplines that every company must oversee.

Ecolab's good works are no guarantee of long-term investment success but, as Biblically Responsible Investors, we know we are at least engaging in good biblical stewardship as we seek favorable investment returns through ownership of this company. It is a company that we can be proud to own!

## THE BAD – CHEVRON – ABORTION, HOMOSEXUALITY AND HUMAN RIGHTS

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

Chevron is the second largest integrated oil company in the United States and one of the largest companies in the world by market cap. Its 59,000 employees operate in 180 countries worldwide. Chevron has many redeeming qualities as a public company but unfortunately its management team has chosen to use shareholder resources to be supportive of several areas that are incompatible with the beliefs of Biblically Responsible investors. Foremost among these is the decision to help fund a group that provides access to abortion. Chevron and its predecessor companies have contributed \$100,000 to Population Services International for its AIDSMark Project. This project is primarily a condom distribution and AIDS education initiative in Angola. However, the project also claims to offer unspecified emergency contraception products, which may include abortions via the "morning after pill." It is worth noting that the International Planned Parenthood Federation is a partner in the AIDSMark Project. While Chevron's intentions and those of Population Services International are to help the poor access proper health care, it is unfortunate that these services include access to abortion. As part owners of this company, shareholders should be concerned that their company's money is being used to provide the poor with abortions. While an argument might be put forward by Chevron that their donation is meant only for the AIDS project, the fact remains that abortions are likely one aspect of the project. Also, Chevron's support for Population Services International, no matter how targeted, assists the organization to grow and prosper, thereby allowing it to assist the poor to engage in the sin of abortion.

Chevron is also an active supporter of the sin of homosexuality. The leading homosexual rights group, the Human Rights Campaign, gives the company its highest rating for its support of homosexual issues. Chevron has an active company-sponsored homosexual employee group—it recently received the Out & Equal Workplace Advocates' annual 2005 Outie Employee Resource Group of the Year Award. The award is given "for a particular employee resource group that has a proven track record of success in advocating for LGBT equal rights in its own workplace and in the community at large." Chevron also has a gender identity clause in its non-discrimination policy statement indicating it is on the leading edge of firms supportive of the sin of homosexuality.

Additionally, because of its extensive global oil operations, Chevron does business in many countries where human rights are trampled upon including Syria, Myanmar, Turkmenistan and Saudi Arabia. Religious freedoms in particular are absent in these countries. While it would be difficult for a global oil company not to have some operations in most of these countries, we do take these operations into account when evaluating a company's suitability. Our compassion for our fellow men and women caught in the sins Chevron supports causes us to look elsewhere to achieve investment returns. We would not want the assets we are stewards over being utilized to bring harm to those our Lord loves.

## OUR ULTIMATE GOAL - FUNDING THE LORD'S WORK

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

It is our hope that Stewardship Partners' ability to produce wealth for you will help you to share with God's people who are in need and assist in fulfilling the great commission. Our non-profit ministry affiliate, Wall Watchers, provides a free service to help you educate yourself about the many wonderful Christian giving opportunities available to wise donors. We invite you to join the over 110,000 other monthly visitors to our ministry's website at [www.MinistryWatch.com](http://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](http://www.MinistryWatch.com) site, please contact Rod Pitzer at 866-364-9980 or [rpitzer@wallwatchers.org](mailto:rpitzer@wallwatchers.org). We would be pleased to be able to help you bless God's people who are in need. Rod would also be happy to sign you up for our monthly e-mailed newsletter, MinistryDirect that keeps you informed about important matters in the world of Christian ministries. You can also sign up yourself on our website. Additionally, Wall Watchers offers a bi-weekly e-mail newsletter with updates from our stewardship education site [www.theGoodSteward.com](http://www.theGoodSteward.com) which is visited nearly 40,000 times each month by Christians seeking wise, biblically-based counsel.

## MINISTRYWATCH.COM SHINING LIGHT MINISTRY – RAVI ZACHARIAS MINISTRIES

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*"Let the word of Christ dwell in you richly as you teach... one another with all wisdom." Matt 25:40 (NIV)*

Ravi Zacharias international Ministries (RZIM) is the teaching and preaching ministry of Ravi Zacharias, a gifted speaker and writer whose focus on evangelism, spiritual disciplines, training and apologetics have been a true blessing to the body of Christ. His cogent, entertaining teaching style has made Ravi a sought after speaker around the world including at the world's most prestigious universities and before many government leaders. Born in India, Zacharias moved to Canada and later became a theology professor. His books include the Gold Medallion winning "Can Man Live Without God?", the Gold Medallion nominated "Jesus Among Other Gods" and "The Real Face of Atheism." Other books include "The Lotus and the Cross: Jesus Talks with Buddha," "Sense and Sensuality: Jesus Talks with Oscar Wilde" and "Light in the Shadow of Jihad." Zacharias also produces two radio programs that spread his teaching over 1,500 radio stations each week. In line with the ministries emphasis on thoughtful examination of a wide variety of biblical topics, the programs are named "Let My People Think" and "Just Thinking." There can be little doubt that in this time of numerous competing worldviews, the strong, direct defense of biblical truths offered by Ravi Zacharias has never been more necessary.

Beyond the excellent teaching and preaching ministry of Ravi Zacharias, donors can also feel confident that the ministry is financially transparent as it receives an "A" Transparency Grade from [MinistryWatch.com](http://MinistryWatch.com).

## THE CHRISTIAN MINISTRY MARKETPLACE – HELPING DONORS GIVE WISELY

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*"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](http://crown.org))
- Eternal Perspectives ([epm.org](http://epm.org))
- Generous Giving ([generousgiving.org](http://generousgiving.org))
- Royal Treasure ([royaltreasure.org](http://royaltreasure.org))
- Sound Mind Investing ([soundmindinvesting.com](http://soundmindinvesting.com))
- The Gathering ([thegathering.org](http://thegathering.org))
- TheGoodSteward.com ([thegoodsteward.com](http://thegoodsteward.com))
- MaximumGenerosity.org ([maximumgenerosity.org](http://maximumgenerosity.org))

### HOW to give with a discerning mind?

#### Professional Advisors:

- CFPN ([cfpn.org](http://cfpn.org))
- Christian Community Foundation ([thefoundations.org](http://thefoundations.org))
- National Association of Christian Financial Consultants ([nacfc.org](http://nacfc.org))
- National Christian Foundation ([nationalchristian.com](http://nationalchristian.com))
- Stewardship Alliance

#### Donor Advisors:

- Legacy ([phillanthropyatwork.com](http://phillanthropyatwork.com))
- Excellence in Giving ([excellenceingiving.com](http://excellenceingiving.com))
- Calvin Edwards & Co. ([CalvinEdwardsCompany.com](http://CalvinEdwardsCompany.com))
- Strategic Resource Group ([srginc.org](http://srginc.org))

### WHERE to invest in kingdom ministries?

#### Ministry Research:

- ECFA ([ecfa.org](http://ecfa.org))
- Generous Giving ([generousgiving.org](http://generousgiving.org))
- Geneva Global ([genevaglobal.com](http://genevaglobal.com))
- MinistryWatch.com ([ministrywatch.com](http://ministrywatch.com))
- Samaritan's Guide ([acton.org/cec/guide/](http://acton.org/cec/guide/))

#### Ministry Mutual Funds:

- Nat'l Christian Fdn ([nationalchristian.com](http://nationalchristian.com))

#### Online Donation Services:

- Network For Good ([networkforgood.com](http://networkforgood.com))
- Kintera ([kintera.org](http://kintera.org))

## FEATURED MINISTRY MARKETPLACE PARTICIPANT - GENEROUS GIVING

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



Generous Giving, a unit of the McClellan Foundation of Chattanooga, TN, which has itself given away hundreds of millions to Christian ministry over the years, is one of the most important service providers in the Christian Ministry Marketplace given its mission "to motivate followers of Jesus Christ towards greater biblical generosity." Headed by Stewardship Partners' client Daryl Heald, it is their desire to transform the hearts of Christians so that giving becomes a joy rather than a burden. As stated at [www.GenerousGiving.com](http://www.GenerousGiving.com), "Jesus' own life is our ultimate example of extravagant generosity. He taught us that 'it is more blessed to give than to receive' (Acts 20:35). And He lived it: by setting aside His heavenly wealth, choosing to live humbly among sinful men, and willfully giving up His life so that we in turn could have life. And just as He said 'follow me' to His first disciples, He calls to us to do the same today. But following Christ applies to every dimension of our lives—not just to our hearts and heads, but to our relationships, our possessions and our money as well."



Generous Giving's website offers a host of tools that will encourage and empower donors. We urge you to visit their website and make a point to attend one of their inspiring conferences.

## *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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