

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

## STRUGGLING WITH THE SHADOW OF A SLOWDOWN

*"He who dwells in the shelter of the Most High will rest in the shadow of the Almighty". Psalm 91:1 (NIV)*

Both economic and corporate profit growth during the third quarter of 2004 were clearly quite strong. Yet stock prices initially declined sharply before posting a strong rebound toward the end of the quarter. Investors, perhaps led by short-term oriented hedge funds, evidently saw shadows of a future economic slowdown as oil prices rose steeply and the Fed increased short-term interest rates. Indeed, worries abounded in July and early August, including worsening conditions in Iraq, election jitters and concern about the dwindling positive impact from earlier tax cuts. Confidence in the economy's ability to overcome these headwinds was low, but by mid-August it was apparent that many

	1-Jan	13-Oct	Change
S&P500	1111.9	1113.7	0.2%
NASDAQ	2003.4	1920.5	-4.1%
S&P 500 2004 EPS Est. (1st Call)	\$60.66	\$65.18	\$4.52
10-Year Treasury Yield	4.26%	4.08%	-.18%
Crude Oil	\$32.52	\$53.64	\$21.12
Trade Weighted Dollar	86.93	88.02	1.3%
Gold	\$415.70	\$413.20	-\$2.50

Source: ISI

had deeply underestimated the staying power of this economic recovery. By quarter's end, many pessimistic economists were forced to raise their forecasts for GNP growth towards a very healthy 4% level after earlier criticizing Fed Chairman Alan Greenspan for being too optimistic about second half growth prospects. As we had suggested in our last commentary, inflation concerns also abated and long-term interest rates fell even as the Fed continued its quest to raise short-term interest rates to a more normal level. The purported "soft patch" in economic growth never fully materialized and the rate of the global economic expansion was estimated to be near 5%, the highest in three decades. While economic forecasters are often wrong, their pessimism in the third quarter seemed especially misguided.

Despite this oversight in the third quarter, investors appear to once again be largely focused on what could go wrong rather than what might go well. Thus far in 2004, earnings expectations have risen significantly, long-term interest rates defied expectations by falling and inflation has remained in check. All three of these developments are supportive of higher equity prices yet US stock prices remain nearly unchanged from the start of the year (See Table 1). The only negative surprise in 2004 thus far has been the advance in oil prices. We believe that the completion of the US elections will remove one major stumbling block for investor confidence, regardless of the outcome. Whichever candidate wins, one benefit will be the political attacks will cease and a more confident, upbeat tone will begin emanating from Washington, DC. Perhaps this new found political optimism will influence practitioners of the "dismal science" and result in more cheerful, less shadow-laden expectations of

US Indices	
S&P500	-1.87%
NASDAQ (price only)	-7.37%
Treasury Bonds	6.75%
High Grade Corp. Bonds	6.72%
Gold	5.02%
Global Index	
MSCI World	-0.90%
International Indices	
MSCI EAFE	-0.23%
MSCI Euro	0.04%
MSCI Far East	-5.85%
MSCI Japan	-7.45%
MSCI China	8.25%
US Economic Sectors (Price Only)	
Energy	10.4%
Materials	3.0%
Industrials	-0.5%
Consumer Discretionary	-1.4%
Consumer Staples	-6.1%
Health Care	-5.7%
Financials	-0.2%
Technology	-10.0%
Telecom	5.5%
Utilities	5.7%

Source: ISI, Merrill Lynch, MSCI

Market Commentary	1
CWI Commentary	7
Ministry Commentary	10

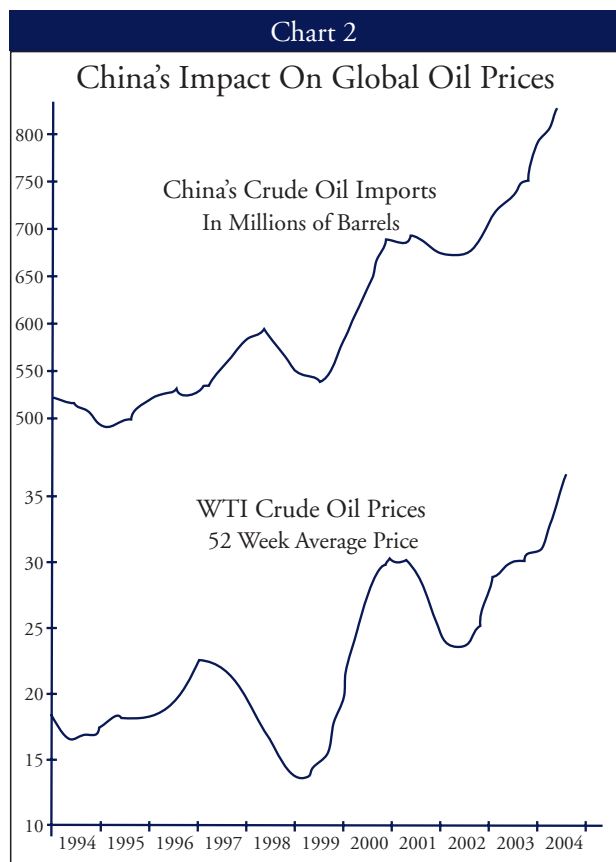
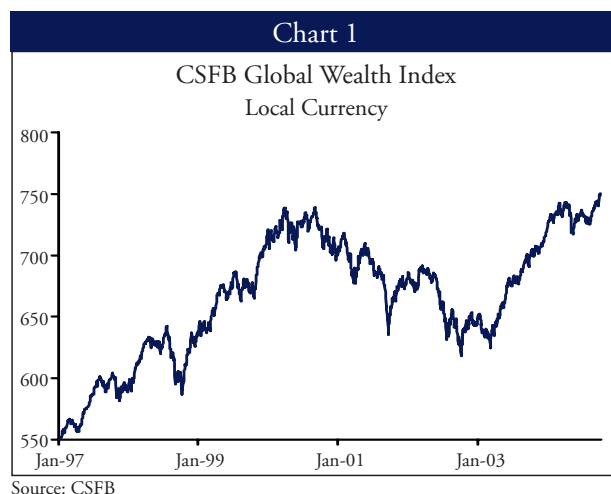
future economic activity. As Christians “resting in the shadow of the Almighty”, however, we know that our eternal future is secure and are not unduly troubled by “shadows”, economic or otherwise, that concern those who know not that rest.

Table 2 (found on page 1) highlights the performance of a variety of indices during the third quarter. Preliminary results show the performance of Stewardship Partners’ US Equity and Global Equity Composites exceeded that of the relevant indices while our International Equity Composite results trailed the MSCI EAFE Index.

## GRAPPLING WITH THE COSTS OF STRONG GROWTH

*“The blessing of the Lord brings wealth, and he adds no trouble to it”. Proverbs 10:22 (NIV)*

At Stewardship Partners, one of our foundational principles is optimism. Being optimistic about the long-term future of equity prices is not based on a wild-eyed favorable assessment but rather on simple common sense. A review of the last century indicates that capitalism and freedom are a potent combination for progress and growth. Nations that have embraced these virtues have consistently surmounted all obstacles and created significant wealth for their populations. Issues that threaten to impede such progress will always be present, but inherent in mankind is a powerful, God-given force desiring progress that capitalism and freedom allow to flourish. The CSFB Global Wealth Index seen in Chart 1 highlights the ability of the global economy to overcome adversity and create wealth during difficult periods, such as the 2000 to 2004 time frame, when recession and terrorism threatened to undermine progress.



At present, perhaps one of the larger potential obstacles to rising equity prices is the strong global economic growth driven primarily by China and other emerging markets like India, Russia and Eastern Europe. As these nations increasingly free their people to innovate and earn profits, world economic growth has begun to accelerate, even to levels that are dangerously unsustainable. The sheer magnitude of these countries means their entrance onto the global economic scene will not go unnoticed. Much like the baby boom generation had a huge impact on US and global growth for the past thirty years, so too will these nations have a dramatic effect on the contours of the global economy over the next generation.

The first impact from the early years of these countries’ economic development was to keep global inflation low due to their ability to produce goods cheaply. Now, as the success of the export-driven economy has created increasing domestic wealth, these countries are moving quickly into a phase where domestic consumption is becoming a bigger part of their continued economic success. While this is boosting global economic growth, it is also putting a strain on resources, such as oil and other commodities, needed to support this higher growth rate. This pressure on commodity prices is made worse by the fact these newly emerging economies are not particularly efficient in the usage of such items. Chart 2 highlights the link between China’s rapidly growing demand for oil and the price of oil.

Given these developments, it seems likely there will be at least two significant outcomes for investors to incorporate into their forecasts of future economic conditions. First, commodity price trends will likely remain volatile but will be biased upwards. Higher prices will act to constrain too rapid growth in these up-and-coming regions. Global economic growth will be higher than normal but it is unlikely it will ever be extremely rapid for very long as price increases will act to thwart any undesirably fast expansion. Understanding how far commodity prices can rise before impacting China's growth will be an important part of fashioning a successful investment strategy. Second, inflation will be biased upward. This does not necessarily mean investors will face troubling levels of inflation. It does, however, imply shareholders will need to keep a wary eye on inflation trends in the future. Moreover, the complexion of inflation may be entirely different than in the past. Commodity-based and industrial companies may experience better pricing power while healthcare, financial and other industries may lose pricing power. Overall, inflation may very well remain contained at reasonable levels but the winners and losers may prove to be very different than experienced in the past. In the end, wealth will have been created and an optimistic view of future prospects may well be rewarded. If it is the Lord's blessing that creates this wealth, perhaps the "trouble" of high inflation will not be added to it.

## THE ELECTION BATTLE – OWNERSHIP SOCIETY OR A DRIFT TOWARD SOCIALISM

*"Let the peace of Christ rule in your hearts". Colossians 3:15*

Given the uncertainty associated with such a close presidential election, it would be natural for the market to recover somewhat once this uncertainty is lifted. To be sure, the market often rebounds in the two months after a presidential election (see Table 3). The two times the the market performed very poorly during the post election period occurred after Truman's surprise victory and following the disputed 2000 election. The market should not be overly surprised by a Kerry victory, and another disputed election, while possible, appears unlikely. On the two occasions where a democratic challenger defeated a republican incumbent, in 1976 and 1992, the market responded favorably. Accordingly, the market may have a positive bias after the election regardless of which candidate wins.

More important, however, is how the victor might influence the environment for investors over the long term. While studies of the last century indicate democrats have been slightly more favorable for the markets than republicans, we believe this to be a flawed analysis. Presidential policies often have a long half-life and a new president inherits the effects of his predecessor's policies, at least in the early portion of his term. Witness the recession President Bush unfortunately received as a welcoming gift from the Clinton administration!

Still, the tone set by a president can have lasting consequences. President Reagan's emphasis on both fighting communism and achieving a balanced federal budget did not produce clear results until he had left office. The current election results will certainly impact the direction of our nation for some time to come. Should President Bush be victorious, we can expect to hear much more about his "Ownership Society" which promotes and rewards personal responsibility. Should such policies have their desired outcome, the markets would be favorably impacted as savings would be bolstered, government involvement in the affairs of its citizens would be reduced and bad personal economic decision-making would likely be diminished. President Bush would also likely make a spirited effort to reduce the federal deficit via reduced government spending in his second term.

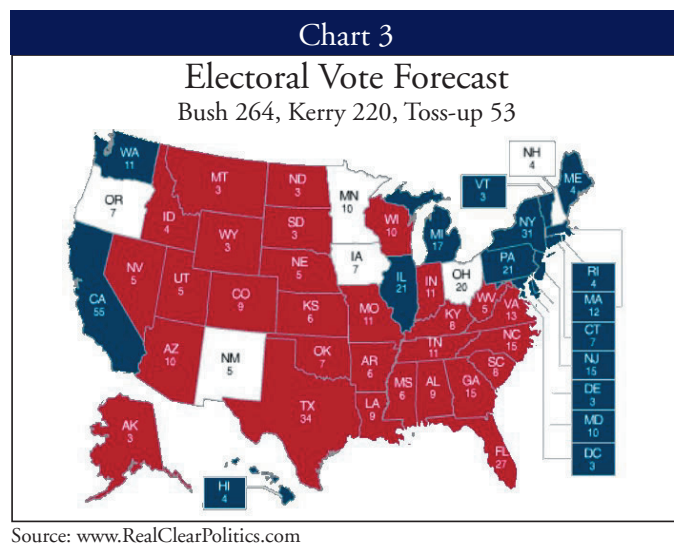
If Senator Kerry wins, there is a chance the US would drift towards a European style socialism. Government programs would be the centerpiece of a Kerry administration's attempts to solve healthcare and other issues. Higher taxes on income, capital gains and dividend income would also be pursued to finance these programs. Meaningful deficit reduction would also be unlikely as Kerry would seek to "buy" as many votes as possible through his considerable domestic agenda to ensure his re-election in 2008. For investors, President Bush's agenda appears far more conducive to long-term wealth creation.

1948	-7.9%
1952	8.4%
1956	2.4%
1960	8.8%
1964	-0.1%
1968	0.4%
1972	5.8%
1976	4.4%
1980	6.5%
1984	0.7%
1988	-0.4%
1992	4.1%
1996	5.0%
2000	-7.6%
2004	?
Average	2.2%

Source: ISI

At this point, a Bush victory appears to be the most probable outcome. Kerry wastes too many popular votes in California, New York and Illinois, where he has big leads. But it is the Electoral College vote that matters and the big margins of victory he is likely to get in these states will not get him any additional Electoral College votes. Chart 3 highlights the current Electoral College map. The race is still very close, however, and neither candidate is likely to emerge with a strong mandate. While Republican control of the house is assured, and is also likely in the senate, gridlock will remain a feature of national politics as neither side will have the required sixty senators needed to prevent filibustering.

Though we can not know for sure which candidate will win or what impact their presidency may ultimately have on our lives, if we allow "the peace of Christ to rule in our hearts", we are certain to avoid spiritual gridlock and can represent the love of Christ to a fallen world.

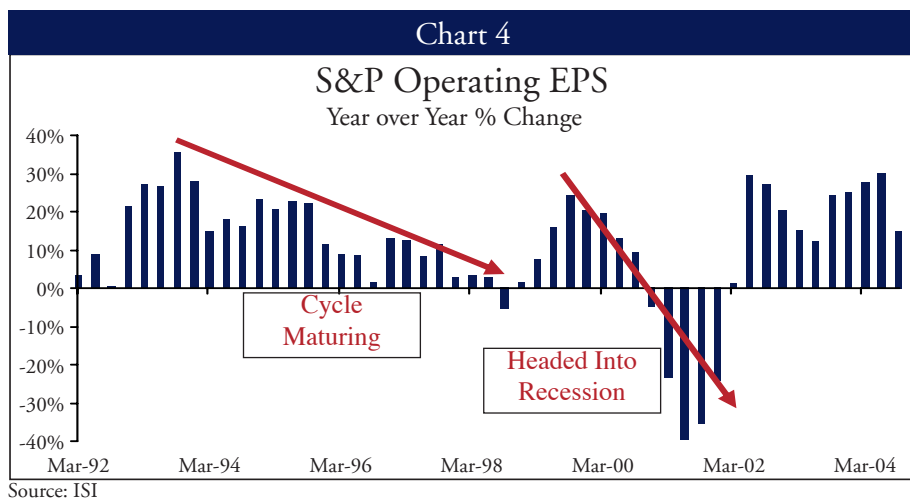


## STRIVING FOR CLARITY ON EARNINGS AND VALUATION EXPECTATIONS

*"For God is not a God of confusion but of peace". 1 Corinthians 14:33 (NAS)*

Gridlock may also be an apt description for share prices thus far in 2004. Stocks have fluctuated in a relatively narrow range while the market has sought clarity on the issue of the impact of higher oil prices on the global economy, inflation and interest rates. If oil prices are maintained over the \$50 per barrel level for a considerable period of time, there will almost certainly be a depressing effect on economic activity. Inflation will also be biased upward by rising oil prices. While the oil intensity of the global economy is less than in the 1970's, oil remains a fundamental component of the cost structure of many products. The case for interest rates is less clear as advancing oil costs are effectively a tax on the global economy and naturally slow economic growth. Whether central bankers react to the slower economic growth and restrain interest rate hikes or respond to higher inflation and boost interest rates is a vital question. Our best guess is that interest rates will likely remain flat or even fall if oil has a negative impact on growth. Until such time as central bankers see a clear-cut rising trend in inflation expectations, we believe they will opt to only cautiously raise interest rates into a zone where they are intended to slow the economy. With the threat of deflation only recently past and economic growth under pressure due to higher oil prices, central bankers would be wise to wait until a broad-based inflationary trend appeared before acting.

If this assessment proves correct, the outlook for earnings and valuations is reasonably positive. While higher oil prices may depress the level of global economic activity somewhat, growth will still continue. Energy company earnings are clearly benefiting from the higher level of oil prices. Naturally some other industries suffer in these conditions but the overall impact on earnings estimates for the S&P 500 may be minor. Winners and losers from higher energy prices may largely balance each other out, just as they did when energy prices were falling. Moreover, we should not discount the possibility that oil prices may fall from the \$50+ level as new supply comes on stream, temporary production curtailments cease and conservation efforts begin to have an impact. In any case, the direction of oil prices may affect more the composi-



tion of corporate earnings than the actual level of profits. As investors begin to assimilate this, confidence will build regarding the future trends in earnings.

Earnings growth has been very rapid in the last two years as both revenues and profit margins recovered sharply from temporary recession lows. As earnings are reported in 2005, the growth rate will moderate as the attractive 2004 earnings represent a high hurdle to overcome. Does this slower rate of earnings growth suggest investors should be concerned? During the period from 1993 through 1998, share prices continued to rise even as earnings growth rates moved lower (see Chart 4). We suspect a similar pattern may occur in 2005 as long as inflation expectations do not begin to rise rapidly. The slowing earnings growth we expect in 2005 will not likely translate into outright earnings declines as seen in 2000-02.

Earnings are only part of the equation leading to improved share prices. What investors are willing to pay for those earnings is often the most important component of future returns. As the composition of corporate earnings shifts from healthcare and financial stocks towards energy and basic materials, investors will be willing to pay higher valuations for the latter while reducing that paid for the former. The opposite of this happened over the past thirty years as shown in Table 4 which highlights the changing sector weights within the S&P 500 as investors altered their preferences for different market segments. When investors gain clarity over those sectors that will be the future winners and losers, a reversion to the mean may take place which will benefit energy and basic material shares. This is one important reason why these sectors are currently overweighted in Stewardship Partners portfolios.

**Table 4**

**Historical S&P 500 Sector Weights**

	1975	1980	1985	1990	1995	2000	2001	2002	2003	2004
<b>Materials</b>	11	8	8	8	4	2	3	3	3	3
Industries	8	11	11	11	11	11	11	12	11	12
Telecom	7	6	9	9	8	6	6	4	3	3
Con Discretionary	12	10	14	13	13	11	13	13	11	11
Con Staples	17	8	11	16	11	8	8	10	11	11
<b>Energy</b>	16	27	13	13	7	6	6	6	7	7
<b>Financials</b>	6	6	9	9	14	18	18	21	21	20
<b>Health Care</b>	6	7	7	9	11	14	14	15	13	14
Technology	11	10	11	8	14	21	18	14	18	16
Utilities	8	6	8	6	5	4	3	3	3	3

Source: ISI

**Table 5**

**Performance Results**  
First Nine Months versus 4th Quarter  
Dividends/Earnings in %

	<b>S&amp;P 500</b>		<b>NASDAQ</b>	
	1Q-3Q Avg	4Q	1Q-3Q Avg	4Q
1999	1.9%	14.5%	7.9%	48.2%
2000	-0.7%	-8.1%	-2.8%	-32.7%
2001	-7.2%	10.3%	-12.9%	30.1%
2002	-10.5%	7.9%	-15.3%	13.9%
2003	4.5%	11.6%	10.5%	12.1%
<b>Average</b>	<b>-2.5%</b>	<b>7.2%</b>	<b>-2.5%</b>	<b>14.3%</b>
<b>Long-Term-Avg.</b>	<b>1.5%</b>	<b>4.2%</b>	<b>2.4%</b>	<b>4.8%</b>

S&P LT Avg. to 1945, NASDAQ LT Avg. to 1971

Source: ISI

Besides the ever-present terrorist threat, another area of risk for the US market is the value of the dollar. As we have noted repeatedly in earlier commentaries, the value of the US dollar is subject to potentially sharp declines as long as the country continues to consume more than we can afford. Should foreign buyers of our US Treasury securities ever reduced their purchases, the US dollar will fall, interest rates will rise and equities would be negatively impacted.

As investors obtain clarity on the issues of oil prices, interest rates and inflation, uncertainty will diminish and stock prices should benefit. If confusion over these issues persist, however, Christians can rejoice in the fact that they serve a God who always offers the faithful comfort in perplexing and difficult times.

## THE GROWING IMPORTANCE OF DIVIDENDS

*“Preserve sound judgment and discernment, do not let them out of your sight”. Proverbs 3:21*

One possible outcome of the current tensions in the marketplace is that none of the main factors affecting share prices manages to establish itself as the dominant factor. Stocks could remain in a trading range with a slight upward bias as the focus of investors bounces between earnings growth prospects, inflation worries and interest rate concerns. To be sure, temporary bouts of anxiety concerning inflation and interest rates are a near certainty. Accordingly, investors would be wise to not overreact to every new data point but should “preserve sound judgment and discernment” as they monitor their investments. Indeed, a forecast of above trend, long-term earnings growth based on the significant demand bulge

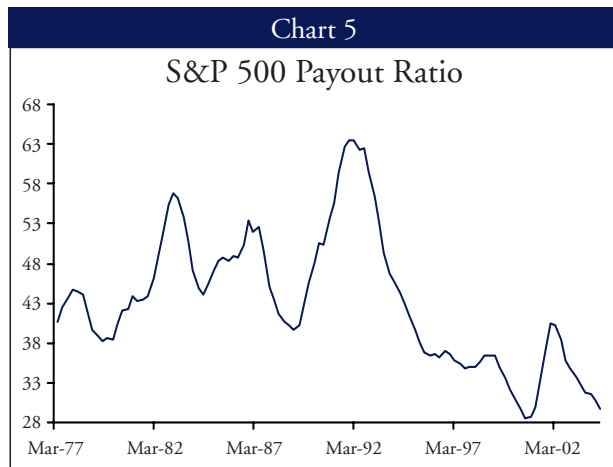
coming from China and other emerging markets seems reasonable. We believe this factor will ultimately become the dominant issue for investors and will drive their asset allocation decision towards equities. Real estate, healthcare and financial inflation may fall well below recent levels and help offset any rapid price gains seen in commodities. Greater vigilance by consumers and governments to curtail spending and rebuild damaged balance sheets may also act to forestall a broad-based inflationary trend. In turn, interest rates may be contained at moderate levels which would not undercut the valuations investors are willing to place on equities.

**Table 6**

**Dividend Contribution to Return**

	Price % Change	Dividend Contribution	Total Return	Dividends % of Total Return	Avg. Payout Ratio
1930's	-41.9%	56.0%	14.1%	NA	90.1
1940's	34.8%	100.3%	135.0%	74.3%	59.4
1950's	256.7%	180.0%	436.7%	41.2%	54.6
1960's	53.7%	54.2%	107.9%	50.2%	56.0
1970's	17.2%	59.1%	76.4%	77.4%	45.5
1980's	227.4%	143.1%	370.5%	38.6%	48.6
1990's	315.7%	95.5%	411.2%	23.2%	47.6

Source: ISI



Source: ISI

earnings do not need to be retained to pay down debt. Clearly, corporate managers are either being miserly with their shareholders or believe there are enough worthwhile expansion opportunities to warrant keeping the excess cash on their balance sheets. This is a bullish long-term indicator as shareholders stand to benefit from either management capitalizing on the growth opportunities or paying higher dividends if these opportunities never materialize.

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. Increasingly, our analysis of stocks includes a greater emphasis on a company's dividend paying prospects. 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.

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

---

*“Whoever is kind to the needy honors God” Proverbs 14:31b (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 with 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 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 or substandard labor practices
- Any abuses of the poor, children and the elderly

3. Compassion for those addicted and/or engaged in sinful lifestyles and concern about 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

Utilizing this and other criteria, we make as strong an effort as possible to build portfolios reflecting 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 ([www.americanvalues.com](http://www.americanvalues.com)). We believe these sources of information give Stewardship Partners the best database of CWI information that currently exists.

It is our hope that Stewardship Partners and other Christian investment management firms may gather sufficient assets so that we can bring a biblical worldview into the corporate marketplace. Presently, Socially Responsible Investing (SRI) funds, which tend to support the sins of abortion and homosexuality, are having greater influence on our culture than Christian oriented funds.

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, Xilinx, and one which supports sinful activities, Wells Fargo. It is our goal to become co-owners of companies promoting biblical values and avoid ownership in those undermining Christian principles and bringing harm to God'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 – XILINX – SERVANT LEADERSHIP AND CHARITY

---

*"Whoever wants to become great among you must be your servant" Matthew 20:25 (NIV)*



Xilinx, one of the world's leading suppliers of integrated circuits, is also known for its focus on a servant leadership management approach. Xilinx's co-founder, Ross Freeman, has stated his desire was to start a company that had "solid, ethical values, invited employee loyalty, made a good and useful product, helped make employees feel like owners and encouraged people to enjoy their work." The success of this approach is evident. The company's stated corporate values include accountability, teamwork, integrity, "very" open communications and enjoying their work. Management supports the implementation of these corporate values on a daily basis, not only by its own actions, but also by encouraging employees to reward their co-workers with "Values Medallions" when they have demonstrated worthy behavior that reflects these values.

Xilinx's commitment to a servant leadership approach is also evident in their actions during difficult times. When the recent recession began to impact the company's operations, management implemented an across the board pay reductions rather than rely on layoffs. Employees were also encouraged to take additional time off to build a more complete life for themselves. Most important-



ly, management took pay reductions that exceeded the percentage employees endured by three times. CEO William Roelandt also will not allow his picture to appear on the cover of business magazines because he believes he should not be viewed as a hero when Xilinx's employees are the primary reason for the company's success. The company also offers child care, elder care, educational assistance and counseling programs to employees and their families.

Management also seeks to highlight the worth of all employees through a decision-making process that relies on a group versus individual approach. Managers are trained to serve more as moderators and advisors in the decision-making process, rather than acting in a distant and individualized manner. CEO Roelandt has said, "We have leaders who know that leading is all about serving and making others successful. The company firmly believes in the spirit of ownership." This belief is also reflected in the fact that the company offers stock options to all employees. Widespread stock ownership generally results in better long-term decision-making and aligns the interests of employees and management.

Xilinx has also distinguished itself in the area of charitable giving. The company will match every dollar up to \$250 employees make to charitable groups. Many organizations have been blessed by this program including; the Salvation Army, the American Heart Association, City Team Ministries and the American Cancer Association. The company also actively supports a program where employees help students to learn to read and has given substantial sums to victims of 9/11 and the earthquake in Taiwan. Clothing and toys are distributed to the needy during the Christmas season and Xilinx has also been involved in efforts to support AIDS and breast cancer related charities. Others have also recognized Xilinx. Forbes has listed it on its "Best 100 Companies to Work for" list each year since 2001, FSA 2002 gave it its "Most Respected Public Company" Award and Business Ethics 2001 included Xilinx in its "100 Best Corporate Citizens" list.

While not an explicitly Christian managed company, Xilinx regularly exhibits an approach that is admirable and Christ-like. Moreover, the company fails none of our negative screens. We have found no evidence of corporate support for homosexuality, abortion or pornography at Xilinx. Xilinx's abundance of good works is no guarantee of long-term investment success but, as Christian Worldview Investors, we can know we are at least engaging in good Biblical stewardship as we seek favorable investment returns through ownership in this company.

## THE BAD – WELLS FARGO – 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)*

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" stacked vertically in a bold, yellow, sans-serif font, set against a red square background.

San Francisco based Wells Fargo has a long history of being supportive of the sins of abortion and homosexuality. We have identified relatively small contributions the company has made to Planned Parenthood chapters. While the size and breadth of these contributions is not indicative of a high degree of management or board level support for abortion, it is nevertheless disturbing to see any level of aid being given to a group that is the leading provider of abortions in the US. At Stewardship Partners, we have little tolerance for any company that is associated in any way, however minor, with the murder of defenseless, unborn children.

Wells Fargo's contributions to abortion charities may be relatively small but its support for the sin of homosexuality is substantial. Shareholders of the company have seen management spend large sums of their corporate assets supporting a wide variety of organizations promoting a homosexual lifestyle. Over time, this support has run into the millions of dollars and has benefited many organizations. Among these are two \$25,000 contributions to the Human Rights Campaign, a leading advocate for gay causes and \$10,000 for the Minneapolis based Center for Gay/Lesbian/Bisexual/Transgendered Youth. Wells Fargo has also been an active sponsor of various gay pride events including an International Gay/Lesbian Film Festival. As a result of all these activities, Wells Fargo is one of only thirteen companies in the S&P 500 included in ICWR's list of companies that are the most active in promoting the sin of homosexuality.

We do not believe 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 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 even 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.

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

---

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

It is our sincere hope that if Stewardship Partners' is able to produce wealth for our clients, that they will share this abundance 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 50,000 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. 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 over 10,000 times each month by Christians seeking wise counsel.

## MINISTRYWATCH.COM SHINING LIGHT MINISTRY – WORLD HELP

---

*"Sell your possessions and give to the poor, and you will have treasure in heaven" Matthew 19:21 (NIV)*

World Help is an evangelistic Christian ministry committed to speaking the Gospel to nations through evangelism, discipleship, church planting, humanitarian aid, child sponsorship, leadership training and Bible distribution. With a board and president committed to "always doing what is right," the relief and development ministry serves as a model of financial efficiency, program effectiveness, financial transparency and theological orthodoxy.



World Help was formed in 1991 when two central Virginia businessmen teamed with the ministry's first and only president, Vernon Brewer, to distribute Bibles to former Soviet bloc nations. One of the founder's ancestral homes was in the region. Seeing Bibles used as textbooks by children in Russian classrooms, World Help was emboldened to expand the ministry, and by 1996 was distributing Bibles in India, Nepal, Cuba and elsewhere. Consequently, "We soon realized the extreme and desperate humanitarian needs as well," explained Mr. Brewer. "World Help made a commitment to alleviate human suffering, and to do it in such a way that we could earn a hearing for the Gospel of our Lord. We believe that it is our responsibility to address the spiritual, emotional, and physical needs of the poor, destitute, oppressed and forgotten throughout the world." We highly recommend that you read MinistryWatch.com's full report on [World Help](#), a Christian ministry that is worthy of any donor's attention. The report can be found by clicking on the link or by going to [www.MinistryWatch.com](http://www.MinistryWatch.com) and searching for World Help.

**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 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 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. In 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](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))

**HOW**

to give with a discerning mind?

**Professional Advisors:**

- CFPN ([cfpn.org](http://cfpn.org))
- Christian Community Fdn ([thefoundations.org](http://thefoundations.org))
- Nat'l Christian Fdn ([nationalchristian.com](http://nationalchristian.com))

**Donor Advisors:**

- Gordon Loux ([mygivingcoach.com](http://mygivingcoach.com))
- Legacy ([philanthropyatwork.com](http://philanthropyatwork.com))
- Excellence in Giving ([excellenceingiving.com](http://excellenceingiving.com))
- Calvin Edwards & Co. ([CalvinEdwardsCompany.com](http://CalvinEdwardsCompany.com))

**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))

**Ministry Mutual Funds:**

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

**Online Donation Services:**

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

**FEATURED CHRISTIAN MINISTRY MARKETPLACE PARTICIPANT – GENEVA GLOBAL**

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

Geneva Global, Inc. is a for profit organization which has a passion to see lives and communities changed in the neediest places of the world through performance philanthropy, as...

- Donors discover how their money can accomplish more in the world's hardest places
- Donors have the information they need to make good choices about stewardship of their money
- The most effective humanitarian and ministry programs have access to adequate funds
- Significantly more money flows securely to where it can do the most good



Such an efficient international philanthropic capital market requires independent research and insight in the hands of astute donors who are as thoughtful about their philanthropy as they are about their financial investments. Geneva Global, headed by Eric Thurman, is a resource high net worth donors should consider accessing, particularly if they feel called to help meet the needs of the poor in the third world. While Geneva charges donors for their services, the research produced is excellent. As a result, it is likely donors are able to achieve a significantly greater long-term impact even considering the cost of the research. Donors interested in finding out more about Geneva Global should visit the company's website at [www.genevaglobal.com](http://www.genevaglobal.com).

## *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 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. "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 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 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. Like Jesus, we also greatly desire to share an eternal heavenly home with you!*

## STEWARDSHIP PARTNERS

Stewardship Partners Investment Counsel, Inc  
PO Box 157  
Matthews, NC 28106-0157  
(704) 846-0458; fax (704) 846-0683

E-mail: [mkuckel@stewardshippartners.com](mailto:mkuckel@stewardshippartners.com)

Web-Site: [www.stewardshippartners.com](http://www.stewardshippartners.com)

The information provided herein is not a complete analysis of every material fact respecting any industry, security or investment. Opinions expressed by Rusty Leonard are subject to change without notice. Statements of fact cited by Mr. Leonard have been obtained from sources considered reliable. No representation, however, is made as to the completeness or accuracy of any statement or numerical data in the article. This publication may include technical or other inaccuracies or typographical errors. Stewardship Partners assumes no responsibility for errors or omissions in this publication or other documents which are referenced by or linked to this publication. This publication is provided "as is" without warranty of any kind, either express or implied, including, but limited to, the implied warranties of merchantability, fitness for a particular purpose or non-infringement. In no event shall Stewardship Partners be liable for any damages whatsoever, including without limitation, special, incidental, indirect, or consequential damages of any kind, whether or not advised of the possibility of damage, and on any theory of liability, arising out of or in connection with the use or performance of information in this publication. Other names, logos, designs, titles, words, or phrases in this publication may constitute trademarks, service marks, or trade names of other entities, which may be registered in other jurisdictions. This publication is intended for educational purposes. The information contained in this publication is periodically updated. No statement in this publication should be construed as a recommendation to buy or sell a security or to provide investment advice. Performance information is historical and should not be considered representative of current conditions or predictive of future results. All securities investments fluctuate and involve risks. Foreign securities may involve additional risks, including but not limited to changes in currency rates and the application of foreign tax laws, as well as changes in government, economic, and monetary policy.