STEWARDSHIP PARTNERS
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Stocks Rise, Confounding Skeptics Once Again

"Do not fear what they fear, do not be frightened." 1 Peter 3:14b (NIV)

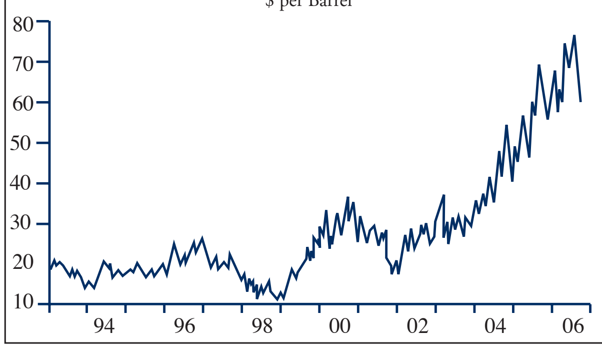
At the outset of the third quarter, investor sentiment towards equities was quite bleak. Confusion reigned as the economy seemed to be at a turning point, but it was hard to discern which direction it would go. **Investors were simultaneously concerned over the future course of Fed policy, inflation, interest rates and even the possibility of an imminent recession.** There was also plenty of geopolitical turmoil and terrorist threats. **The June-July period appeared to be a classic point of "maximum pessimism" from which stocks often subsequently rebound significantly.** Indeed, this is what came to pass, led by the sharp and rapid decline in oil prices (Chart 1) starting in early August. Other commodity prices also waned as tighter central bank policies around the world began to contain economic growth. As a result, inflation expectations cooled, removing one significant worry for investors, and stock prices responded favorably (Table 1) - but not before unusually poor performance hurt large cap growth stocks during July. Prompted, we believe, by aggressive shorting of growth stocks by hedge funds, Morningstar's Large Cap Growth Index fell by 2.4% in July versus a gain of 4.6% by Morningstar's Large Cap Value Index, an astounding one month divergence of 7% between the two styles. This occurred even as many large cap growth companies were reporting strong second quarter earnings results. As a result, while the S&P 500 hit its low in mid-June, NASDAQ did not reach its nadir until late July. Growth stocks did regain a portion of the July sell-off in August and September, and we are hopeful that July marked the bottom in the six year underperformance of growth stocks versus value stocks. **In the end, we believe these investor fears will prove to be misplaced and stocks should continue to rise with growth stocks leading the way.**

Chart 1

Oil Price Collapses Quickly

WTI Crude Oil Price

$ per Barrel



Source: ISI

Table 1

3Q06 Total Returns

US Indices	3Q06	YTD
S&P 500	5.67%	8.52%
Russell 1000 Growth	3.94%	2.97%
Russell 1000 Value	6.22%	13.19%
NASDAQ	3.97%	2.41%
S&P 400 (Mid Cap)	-1.08%	3.12%
S&P 600 (Small Cap)	-1.88%	6.75%
Treasury Bonds	6.88%	1.01%
High Grade Corp. Bonds	7.50%	2.32%
Gold	-2.32%	16.81%
Global & International Indices		
MSCI World	4.57%	11.23%
MSCI EAFE	3.99%	14.91%
MSCI Euro	6.41%	21.92%
MSCI Far East	-0.03%	2.49%
MSCI Japan	-0.68%	1.26%
US Economic Sectors (Price Change Only)		
Energy	-2.14%	10.37%
Utilities	5.21%	7.93%
Materials	-1.13%	4.51%
Consumer Staples	5.09%	8.57%
Health Care	9.76%	4.75%
Industrials	-0.59%	5.40%
Consumer Discretionary	4.72%	6.75%
Financials	7.30%	9.25%
Technology	8.33%	1.65%
Telecom	9.63%	22.55%

Source: Merrill Lynch, MSCI, NDR

Growth stocks have trailed value thus far in 2006. With the unusually poor performance of growth stocks in July hindering Stewardship Partners' results, our portfolios, with the exception of our Small/Mid Cap accounts, trailed the indices during the third quarter. While our US BRI portfolios trail the S&P 500 for the year-to-date period, **our Global BRI portfolios maintain a slight advantage over the MSCI World Index return of 11.2% and our Global Concentrated BRI portfolios (more volatile portfolios made up of our top 15 stocks), are up almost 22% year-to-date, significantly ahead of the index.**

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Economic Growth: Moderating or Crashing into a Recession?

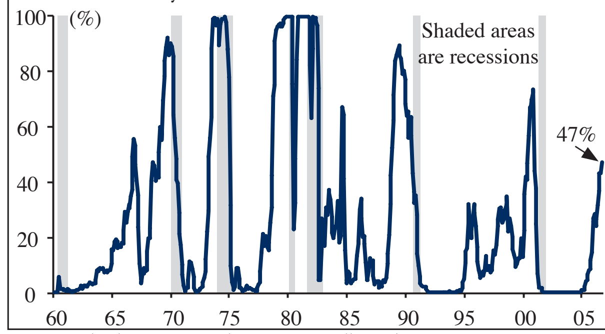
"You will keep in perfect peace whose mind is steadfast, because he trusts in you." Isaiah 26:3 (NIV)

It has long been our expectation that economic growth would become more moderate as 2006 wore on. We also believed that the fear of a recession might replace inflation as investors' greatest concern. The accumulated actions of the Fed, the long rise in oil and commodity prices, an inverted yield curve, the ramifications of the bursting housing bubble and many other factors have collectively added a significant degree of restraint to the global economy. In our view, this moderation in growth would be welcomed by investors as it would cool inflationary trends and lead to rising price/earnings ratios on equities. To be sure, the recovery in share prices in the third quarter can be tied closely to definite signs of moderating economic growth. **Deteriorating trends in a wide variety of economic indicators are now very evident, but almost all continue to point towards a mild slowdown versus a full blown recession.** Still, investors are likely to continue to worry about the rising risk of recession until these declining economic trends stabilize. Clearly, as an economy slows, the risk rises that an unexpected destabilizing incident could push it into recession. Calculations using a yield curve-based Federal Reserve model of recession risks indicate that the possibility of an economic downturn is escalating (see Chart 2). While this risk has not yet risen to the level that has preceded past recessions, **until the risk of recession clearly starts to recede, investors will likely remain somewhat wary.**

Chart 2

Rising Recession Risk

Fed Yield Curve-Based Model Used to Predict the % Possibility of a Recession in the Next 12 Months



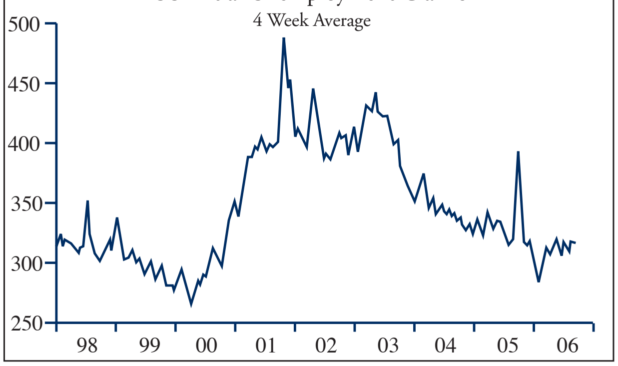
Source: Federal Reserve Board, NBER, Merrill Lynch

Chart 3

Stable Unemployment Claims Not Signaling Recession

US Initial Unemployment Claims

4 Week Average



Source: ISI

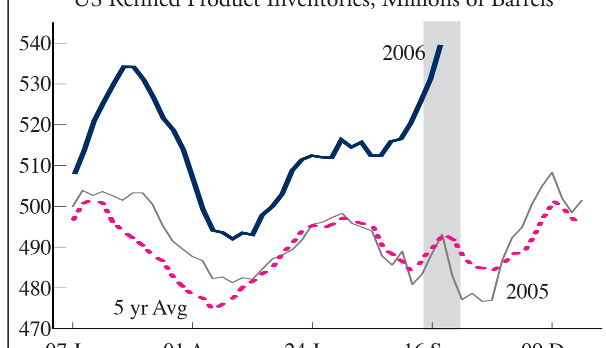
There are, however, many good reasons to believe that a recession will be easily avoided. The dominant consumer segment of the economy remains in a strong position. Certainly, the decline in the housing market may be a limiting factor for the consumer's well-being but with an unemployment rate of just 4.6%, strong wage gains, falling energy prices and low interest rates, a serious downturn in consumer economic activity seems improbable. Moreover, there has been no evidence of deterioration in employment trends as weekly unemployment claims have been stable to slightly falling recently (Chart 3). Even the housing market has shown some early signs of stabilization, although we expect it may take quite a while for this market to fully come back into balance given the large inventory of unsold homes. **As long as consumers are gainfully employed, the chances of a recession occurring seem to be fairly remote.**

Investors still need to remain aware of any deterioration in the positive factors mentioned above. For example, if oil prices were to advance again toward recent highs due to OPEC production cutbacks or terrorists disrupting supplies, this would increase the risk of recession. With both crude and refined products inventories (Chart 4) currently running at unusually high levels, such a turn of events does not seem imminent. More likely is the prospect for additional price weakness in oil and gasoline prices. Additionally, if interest rates were to rebound significantly, this would also increase the burden on the consumer and the economy at large. Employment trends may soften but if these start to deteriorate sharply, this too would need to be monitored closely for evidence of a potentially more troubling situation for the US economy.

Chart 4

An Abundance of Refined Oil Products

US Refined Product Inventories, Millions of Barrels



Source: ISI

Nevertheless, the evidence argues in favor of moderating economic activity. **Another encouraging factor worthy of consideration is the vigor seen in foreign economies.** Europe and Japan both continue to exhibit sturdy economic expansions. Indeed, the European Central Bank is raising short-term interest rates to slow the pace of this growth and the Japanese Central Bank may soon be following the same path. This may eventually lead to slower economic growth in the industrialized world outside the US but, again, a recessionary environment overseas seems implausible at the moment. Furthermore, while efforts have been made by the Chinese government to slow that nation's rapid economic growth, it appears that growth will remain at relatively high levels. Growth in the other emerging market nations also continues at attractive rates. Consequently, the US economy should continue to be favorably influenced by expanding export markets. **As a rising tide of global capitalism relentlessly pursues the creation of wealth, not only the US, but also other nations should benefit.**

Table 2

Inflation Receding Wordwide

Recent Inflation Reports from Around the World

		Jul	Aug
Thailand	CPI Core	0.0%	-0.4%
Thailand	CPI	0.2%	-0.2%
Taiwan	CPI Core	0.2%	-0.1%
Tokyo	CPI Core	-0.1%	-0.1%
Switzerland	CPI Core	0.0%	-0.1%
U.K.	PPI Core	0.1%	-0.1%
Norway	CPI	0.1%	0.0%
Switzerland	CPI	0.2%	0.0%
U.K.	PPI Output	0.2%	0.0%
Germany	CPI	0.2%	0.0%
Germany	CPI Core	0.2%	0.0%
Italy	CPI	0.3%	0.1%
Germany	CPI	0.2%	0.1%
Spain	CPI	0.3%	0.1%
Spain	CPI Core	0.3%	0.1%
Indonesia	CPI	0.8%	0.4%
AVERAGE		**0.2%**	**0.0%**

Source: ISI

In an environment of moderate growth, equity prices will be heavily impacted by the Fed's reaction to new data as it is released. **With the economy clearly moderating but inflation still above desired targets, the Fed has wisely chosen to talk loudly but carry a small stick.** Fed rhetoric is often most aggressive near a change in policy in order to preserve credibility. Inflation trends are already reversing elsewhere (Table 2) and favorable data should be reported in the US in coming months. This will certainly be true for headline inflation reports but all eyes will remain on the trend in core inflation numbers. If these remain elevated, we have little doubt that the Fed would risk further economic weakness in order to bring them back into the 1-2% range. If, however, core inflation recedes and economic activity deteriorates too rapidly, we also believe that the Fed will quickly move to lower rates. The bond market clearly is discounting the latter scenario but we believe it is more likely growth surprises on the upside and rates stay higher longer. Indeed, the inflation fight may be a long one as persistent global growth pressures might mean maintaining price stability will be a constant struggle for policymakers in the years to come. While the outlook is always uncertain, we have peace because our trust is in the Lord.

Hedge Fund Herds Stampede Through the Markets

"Disaster will overtake him in an instant, he will suddenly be destroyed." Proverbs 6:15 (NIV)

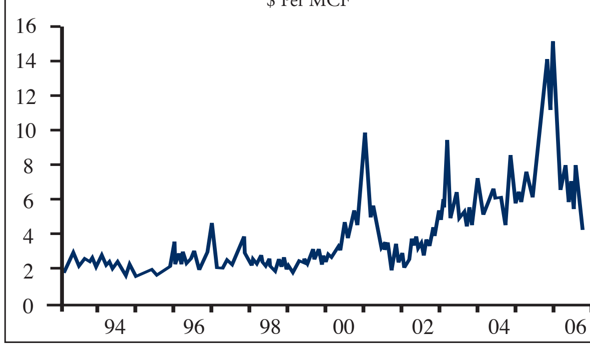
Policymakers and investors alike are also wrestling with how to understand and manage the implications of the activities of hedge funds across the financial markets. Despite relatively weak performance in recent years, a lack of regulation, unusually large fees and high profile debacles such as the recent collapse of the Amaranth Fund (ironically, the name means "never fading") after losing $6 billion in less than a month, hedge funds have continued to grow in popularity. Both the number of hedge funds and assets under management have catapulted higher in recent years. **The growing number and size of hedge funds and their propensity to act quickly and seemingly in unison has made them a disruptive force in many financial markets.** Amaranth is a case in point where it alone may have significantly disrupted the natural gas futures markets. Apparently, officials from the futures market asked Amaranth to reduce its exposure in natural gas contracts in the weeks prior to its collapse because the fund had essentially become the market given the size of its activity. Is it any surprise then that the price of natural gas has had much greater volatility than other forms of energy over the past eighteen months (Chart 5)?

Chart 5

Hedge Fund Hit Job?

Unusual Volatility in Natural Gas Prices

$ Per MCF



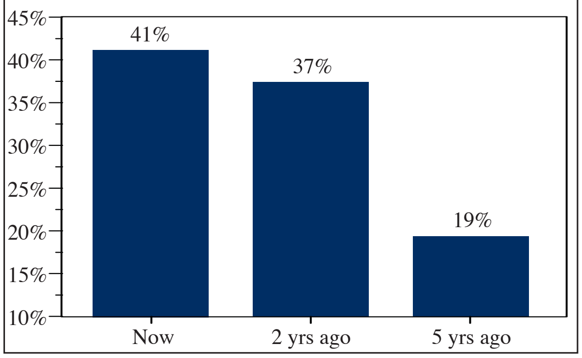
Source: ISI

Our concern is that Amaranth might simply be the tip of the iceberg. Given the rather mediocre single-digit returns that many hedge

Chart 6

Hedge Funds Double Exposure to Oil Futures

Hedge Funds Share of NYMEX Open Interest



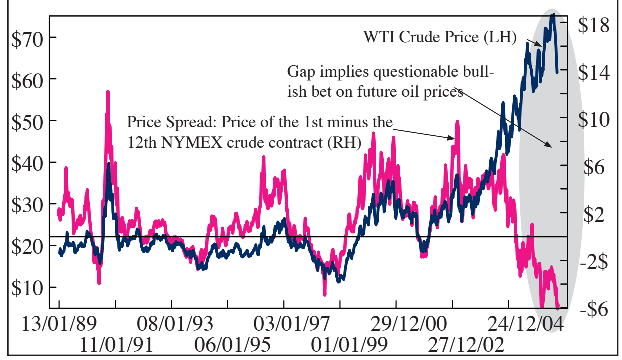
Source: ISI

funds have experienced in recent years, it appears hedge funds have been searching far and wide to find higher returns. Take the oil market as an example. Hedge fund activity here has been much more pronounced in the last two years (Chart 6). Since there has been sufficient oil to supply the markets during the course of the massive run in oil prices in the last few years, one wonders what the price of oil would be if hedge fund share of the NYMEX crude oil futures contracts had remained around 19% instead of more than doubling to 41%? More importantly, **we are concerned that hedge funds may have made a huge incorrect bet that will need to be unwound, perhaps with consequences similar to that of Amaranth, but on a much larger scale.** Chart 7 highlights an unusual anomaly that has apparently has arisen due to hedge fund activity. As can be seen, starting in late 2003, just when hedge fund activity in the oil futures market was picking up, the normal relationship between near and distant oil future contracts started to depart dramatically from historical relationships. Essentially, the hedge funds have taken a very sizable gamble that oil prices will rise significantly in the future. **Should hedge funds realize that there is enough oil to meet the world's needs for many years yet to come and rush to unwind these trades, oil prices could fall precipitously** (just look at what happened to the natural gas price as Amaranth's bet proved wrong). Indeed, other hedge funds that were not exposed to this bet would quickly lay on trades that would benefit from their brethren's demise, just as they did with Amaranth. This piling on simply speeds the process of capitulation and sends the value of the commodity well below fair value. No wonder OPEC is considering an emergency meeting!

Chart 7

Hedge Funds Disrupt Normal Pricing in Oil Futures

Oil Price vs. the Futures Implied 1 Year Price Spread



Source: ISI

Chart 8

Hedge Funds Load up on Bond Futures

Speculative Net Positions in CBOT 10 Year US Treasury Futures

No. of Contracts

Source: ISI

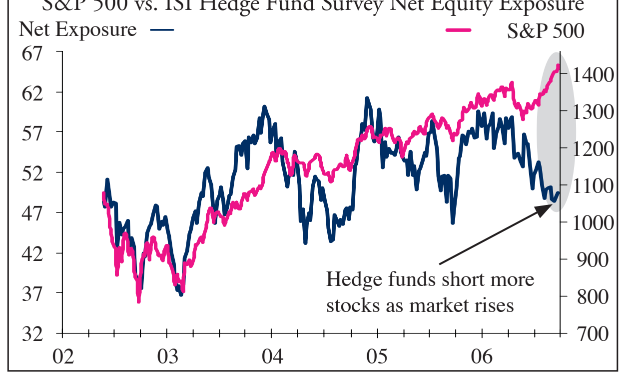
More recently, hedge funds using bond futures and options (Chart 8) have placed enormous bets that the economy will falter significantly and the Fed will lower rates. This is likely the reason for the current inverted yield curve or at least the degree of inversion. Without this trading activity by hedge funds, interest rates would probably not have fallen so precipitously in recent months. And if the economy remains stronger than hedge funds expect, market interest rates might rise sharply and suddenly as these trades are unwound.

Hedge funds have also positioned their equity portfolios cautiously. Not only have they reduced their net exposure to equities to below normal levels but they have also heavily weighted defensive stocks in their portfolios. In the past, hedge fund attitudes towards stocks, as represented by their net exposure to equities, have tended to move in line with the S&P 500. Recently, however, **equities have continued to move higher even as hedge funds have grown increasingly cautious** (Chart 9). If hedge funds decide to reduce their wager on oil, sending oil prices falling further, they would likely also want to simultaneously position themselves more aggressively in equities. **This could lead to an explosive rally in stocks, as shorts would be aggressively covered, and a lot of pain for hedge funds.**

Chart 9

Hedge Funds Add to Losing Equity Bet

S&P 500 vs. ISI Hedge Fund Survey Net Equity Exposure



Source: ISI

Rising P/E Multiples are Key to Higher Share Prices

"Though I have fallen, I will rise." Mic. 7:8b (NIV)

Panic buying by hedge funds both covering their shorts and increasing their net long exposure to equity markets could very well provide the fuel needed to boost equity valuations, a critical part of our favorable outlook for equities in 2006. For years, P/Es have been in decline, even as earnings continued to advance quarter after quarter at double-digit rates. As a result, investors did not enjoy the full measure of the outstanding earnings growth companies delivered in recent years. In addition to a possible one-time benefit from hedge fund portfolio realignment, however, **investors can also look to three other related factors that might help drive valuations higher over the longer term: oil prices, Fed policy and inflation.**

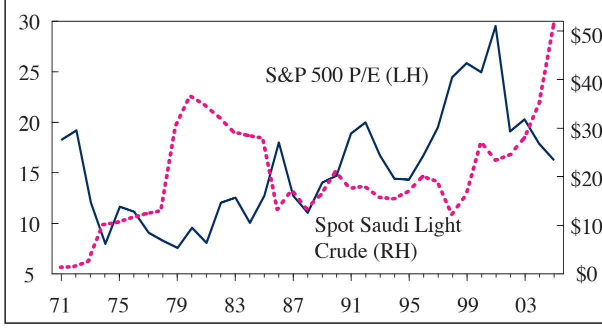
It is not surprising that oil prices are negatively correlated with equity valuations. High oil prices raise fears of inflation and a potentially hostile Fed. Moreover, rising oil prices raise concerns about the sustainability of corporate profits in the face of higher input costs. This inverse relationship between P/E ratios and oil prices can be seen in Chart 10. As hedge funds and other investors come to realize the chance of an oil shortage in the next five years is slim (assuming no terrorist impact on supply), oil prices may continue to weaken and will have difficulty rising significantly. As a result, **oil prices are not likely to be an impediment to valuations going forward and may even provide a boost to P/E ratios.**

Chart 10

Falling Oil Should Boost P/E Ratios

Oil Prices vs. the P/E of the S&P 500

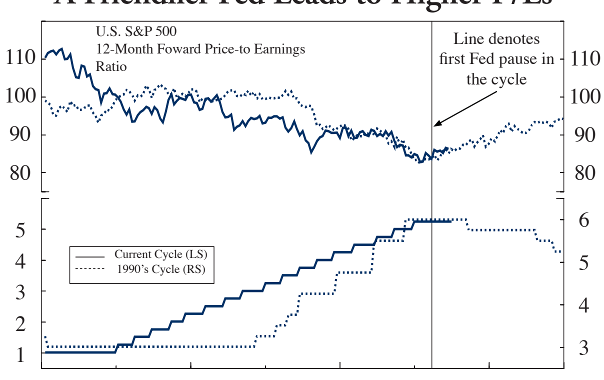
Annual avg. 1971 through 2005



Source: ISI

Chart 11

A Friendlier Fed Leads to Higher P/Es



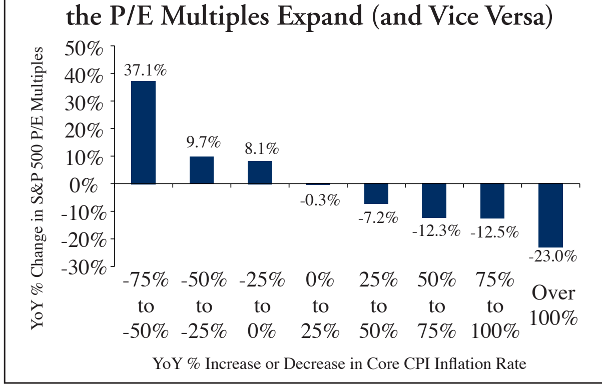
Source: BCA Research, IBES

Investors have also long known that a hostile Fed has tended to be a depressant on equity valuations. Investor confidence remains subdued while the Fed goes about its inflation-fighting business, particularly as the process nears its end, as the risk of the Fed going too far and causing a recession rises. Chart 11 highlights the decline in P/E multiples that has occurred in the past as well as in the most recent tightening phase. **Right on cue, P/Es have turned up just as the Fed paused in its previous rate hike strategy.** While we believe that the Fed may not be reducing rates much or soon, it is comforting to know that should the economy soften more than we expect, higher P/Es would likely soften the blow shares prices would feel from weaker than expected earnings.

While we believe the natural growth bias now present in the global economy may keep inflation percolating over the longer term, we also believe a cyclical downturn in inflationary pressures is already evident. Our studies have shown that **any decline in CPI or Core CPI is beneficial for equity valuations** and the larger the decline, the bigger the benefit (Chart 12). Accordingly, the lower inflation reports we expect in coming months should help boost P/E multiples and contribute to attractive returns being achieved. Core inflation numbers, however, may not fall as much as headline inflation numbers. With the Fed focused on the core inflation numbers, any substantial benefit to P/Es may require core inflation results to decline meaningfully, but any decline in Core CPI should be beneficial.

Chart 12

The Faster the Rate of Core CPI Falls, the Faster the P/E Multiples Expand (and Vice Versa)



Source: ISI

A Near Perfect Landing?

"…my power is made perfect in weakness." 2 Corinthians 12:9b (NIV)

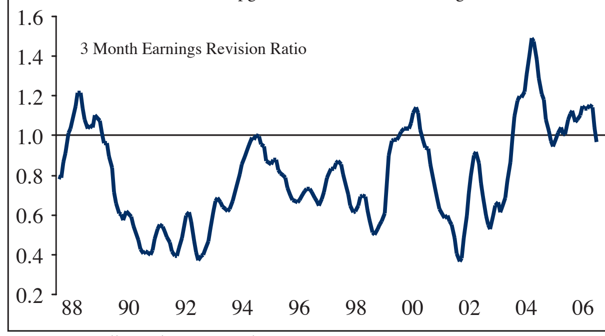
We believe that the probability of a strong market in the last quarter of 2006 is increasing. As evidence mounts that the current economic deceleration will not falter into a recession, investors will begin to look beyond the current softness to brighter days ahead. Recent surprisingly good housing market reports and September's retail sales results may be early indications that fears of a hard economic landing may already be dissipating. Still, it will take a bit longer before investors feel completely comfortable with the economic and earnings outlook. While analysts still expect double-digit earnings gains to be achieved in the next two quarters, **we expect earnings expectations will come under pressure as a result of economic deceleration and cautious corporate guidance during the current earnings season.** The Global Earnings Revisions Ratio, calculated by Merrill Lynch, has already turned lower indicating moderating profit expectations (Chart 13). **Despite this, equities have rallied, a good indication that investors are becoming confident that the Fed may have pulled off a near perfect landing.**

Chart 13

Profit Growth Decelerating

Global Earnings Revisions Ratio

No. of Stocks Upgraded/No. of Stocks Downgraded



Source: Merrill Lynch, IBES, and MSCI

Share prices advancing as the outlook grows more worrisome is not surprising as investors almost always forget that the market tends to perform best during periods of earnings weakness and often struggles while earnings growth is high. Thus, **decelerating earnings (excepting a very sharp deceleration) tends to be a positive development for equities**, despite what you may read in the papers or hear on the television. This occurs because earnings slowdowns signals the markets that the Fed is about to turn friendly. Table 3 highlights this surprising relationship between earnings growth and the return on the S&P 500.

Table 3

Stocks Rise Most When Earnings Growth is Low

Comparison of S&P 500 Earnings Growth Rates & Returns

YoY EPS Growth Rate	YoY S&P 500 % Return	% of Time at this level
Above 20%	2.0%	23.7
Between 5% % 20%	5.5%	30.3
Between -20% & 5%	13.1%	38.8
-20% and Below	-14.8%	7.3

Source: Ned Davis Research

The type of stocks that have rallied the most recently could also prove to be a favorable development for Stewardship Partners' clients. In addition to the fact that growth stocks appeared to hit bottom in late July, large cap and high quality stocks have increasingly performed better than the average stock. If these trends persist, Stewardship Partners, whose portfolios have a growth, large cap and quality bias, should have an easier time outperforming in the future than in the past.

Another reason for our current confidence in our investment style in general and our current portfolios in particular is the unusually large amount of shares that have been shorted, particularly among the tech-heavy NASDAQ stocks. The NASDAQ short interest ratio rose to a record high 4.4 at the end of September and into a range where Ned Davis Research calculates that the NASDAQ typically returns over 18% annualized. On the NYSE, short selling has historically made up about 7% of the daily volume, but during a week in early September, when the market was rising, shares sold short accounted for nearly 18% of all trades. **Unless the outlook for the economy and corporate earnings turns very sharply lower soon, those who have gone short may grow anxious to cover their positions. This represents a very significant amount of buying potential for these stocks that could propel share prices substantially higher very quickly if a short squeeze develops.** Even if no squeeze materializes, these short positions represent an important reservoir of future demand for stocks.

While geopolitical concerns, such as Iran and North Korea, may from time to time temporarily upend the market, we are hopeful that neither will erupt into a longer-term crisis. We also do not expect much of a market impact from the impending Democratic electoral success. While terrorism is an ever-present concern, the markets should have a positive bias if these troublesome factors can be avoided.

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." Psalms 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 <u>justice and mercy for the defenseless</u> so we screen out companies involved in:**
   - Abortion
   - Persecution of Christians and other oppressed peoples
   - Life destroying scientific research

2. **We desire <u>justice and mercy for the poor</u> so we screen out companies involved in:**
   - Political oppression
   - Any abuses of the poor, children and the elderly

3. **We have <u>compassion for those addicted and/or engaged in sinful lifestyles</u> so we screen out companies involved in:**
   - Alcohol, Gambling and Tobacco
   - Pornography
   - Homosexuality

4. **We want to <u>protect marriage and the family</u> 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 both the objectionable practices and the exemplary attributes of corporations from our affiliate **The Institute for Christian Worldview Research (ICWR)** (www.ICWR.com). We believe this source 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 influence corporate behavior in a positive manner with biblical principles. As things presently stand, the Christian message is not being heard very effectively 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 – Comparing Good and Bad Corporate Behavior

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

Below you will find an example of both a company that exhibits exemplary attributes, Accenture, and one we avoid, News Corp. We currently are proud owners of Accenture in some Stewardship Partners portfolios while we actively avoid ownership in News Corp. in order not to be co-owners in enterprises engaged in or supportive of activities which are harmful to our fellow man and our Lord's creation. **We believe, in the long run, both countries and companies that most align their activities with biblical principles will achieve the greatest success.**

The Good – Accenture – Embracing Biblical Stewardship Principles

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

Accenture is a global management consulting, technology services and outsourcing company that works diligently to help its clients improve their processes and performance. The company's consultants operate in a vast array of industries bringing their extensive expertise to bear on thousands of businesses around the world. Accenture also provides these same services to government entities, surely an area that could use some increased efficiencies! By helping clients be the best possible stewards of their own capabilities and by focusing on innovative approaches to enhance shareholder and customer value, Accenture not only builds wealth for its own shareholders but helps do so for shareholders of other companies as well. **By spurring progress and constructive change, Accenture is a force for positive change in the corporate and government sectors of our economy.** By aiding firms reach their fullest potential, Accenture also creates an environment where employees can maximize their God-given skills and talents.

Accenture's stated Core Values begins with a word we particularly like: Stewardship. The company defines its Core Value of Stewardship as "Building a heritage for future generations, acting with an owner mentality, developing people everywhere we are, and meeting our commitments to all internal and external stakeholders". Other Core Values include attracting and developing the best talent, creating value for the client, mobilizing their global network to deliver exceptional service, treating people as they would like to be treated themselves, inspiring trust by taking responsibility, acting ethically, and encouraging open and honest debate. These admirable Core Values shape the culture and define the character of Accenture, guiding the actions and behavior of the 140,000 company's employees in 48 countries. Evidence that these values are put into practice can be found in the fact that 96 of the company's top 100 clients have been clients for at least five years and 83 have been clients for ten years.

Accenture also has an extensive array of benefits for its employees. As a consulting firm, the company's most valuable assets are its employees. In line with its Core Values, Accenture offers medical, dental and long-term disability plans; basic, extended and dependent life insurance plans; as well as flexible spending accounts that allow employees to customize their benefits packages to best suit their needs. These accounts allow the use of pre-tax dollars for eye care, dependent care and even work-related transportation costs. The company also offers employees retirement savings plans in addition to performance bonuses and opportunities to attain equity ownership in the company. Another hallmark of Accenture is its flexible work plan that allow employees to fit their jobs around the demands of their personal lives. Job sharing, paid time off, telecommuting and modified work weeks are among the options employees can access if needed. Furthermore, the company spends roughly $400 million annually on employee training with the average employee spending 80 hours annually in training programs. Again, Accenture's actions appear to be in keeping with its stated Core Values.

Accenture believes that its own success is intrinsically connected to the success of the communities in which it operates. Moreover, it believes that the opportunities for service for its staff in the non-profit community is a means by which employees can enrich their own lives. The Accenture Foundation made charitable grants of $5.3 million in the last year and approximately another $10 million was donated via country-specific giving programs. As an example of one of many Accenture charitable efforts, the company has also sponsored Aidmatrix, a group that seeks to enhance the distribution of disaster relief and medical supply aid to the needy worldwide. **Accenture has contributed $1 million in cash as well as volunteers and services to support Aidmatrix's broadening efforts.** The company is part of a business-inspired group called the Volunteer Service Organization which allows employees to take one-year leaves to assist non-profit groups. Recently Accenture won the Points of Light Foundation Award for Excellence in Workplace Volunteer Programs. The award was given, in part, to recognize that one-third of the company's employees participated in volunteer activities, with a total of 126,000 hours of service given.

Accenture's good works are, of course, no guarantee of long-term investment success. As Biblically Responsible Investors, however, this company's alignment with so many principles of biblically-based stewardship allows us to feel good about our ownership in Accenture. It is a company that we can be proud to own!

The Bad – News Corp. – Anti-Family Activity, Gambling and Porn

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

Many Christians are familiar with the Fox News Channel, as it is one of the few secular news sources that appears willing to give significant and fair coverage to important issues that are of concern to Christians. More recently, the company has announced a new movie-making division called Fox Faith, which will produce films with faith-based themes. Additionally, the company owns bible and Christian book publisher Zondervan.

Unfortunately, these positive attributes are more than offset by many other businesses that are involved in activities that are in stark contrast to those mentioned above. For example, News Corp also owns 20th Century Fox, which has produced many movies over the years that include considerable content that would be disturbing to Christians. Furthermore, the company's Fox Television Network is responsible for the production and distribution of many programs that contain sexual content, offensive language, objectionable themes and excessive violence. Some of its programs also seemed to be geared towards undermining biblically-based views of marriage and the family. Others mock and criticize Christianity. Some of the more offensive TV shows produced by Fox include "Arrested Development", "That 70's Show", "The Family Guy", "The OC", "The Simpsons", "Nip/Tuck" and "The War at Home".

News Corp. also publishes a number of newspapers that regularly contain questionable content. Included among these is the UK based "Sun" newspaper that daily contains nudity and substantial sexually-themed content that is clearly inappropriate. News Corp. also recently agreed to air Al-Jazeera TV in the UK.

News Corp. is also an active distributor of pornography via its pay-per-view programming found on its DirecTV satellite TV operations. The company has also advertised its wares in pornographic magazines. News Corp. is also involved in licensing some of its brands to gambling entities and has a substantial stake in a gambling equipment manufacturer.

Our compassion for our fellow men and women caught in the sins News Corp. supports causes us to look elsewhere to achieve superior investment returns, despite the company's efforts to produce some content aimed directly at the Christian market. We do not want the assets we have been given stewardship over being used to bring harm to our fellow men and women, whom we and our Lord loves.

Our Ultimate Goal - Funding the Lord's Work

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

It is our hope that Stewardship Partners' ability to produce wealth for you will help you to share with God's people who are in need and 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 90,000 other monthly visitors to our ministry's website at www.MinistryWatch.com, the Internet's top site for donors to Christian ministries. We would be pleased to be able to you bless God's people who are in need. You can sign up for our monthly e-mailed newsletter MinistryDirect that keeps you informed about important matters in the world of Christian ministries. Additionally, Wall Watchers offers a bi-weekly e-mail newsletter with updates from our stewardship education site www.theGoodSteward.com which is visited nearly 25,000 times each month by Christians seeking wise, biblically-based counsel.

MinistryWatch.com Shining Light Ministry – International Aid

"He has scattered abroad his gifts to the poor, his righteousness endures forever." 2 Corinthians 9:9 (NIV)

International Aid enables, empowers and encourages those who serve the poor and needy by providing food, health and hope in the name of Jesus Christ. The ministry was founded in 1980 by a group of Christian businessmen who had a passion to provide goods and resources to Christians involved in relief and missionary activities. International Aid's 100,000 square foot warehouse in Spring Lake, Michigan serves as a collection and distribution facility for the goods, primarily pharmaceuticals and medical supplies, that the ministry makes available to those in need in over 170 different countries. One aspect of this ministry is its Mission Store which provides donated medical supplies to thousands of medical missionaries for a nominal service fee. Another program is its Christian Eye Ministry which organizes professional volunteers to travel overseas at their own expense to provide eye care and surgeries in Latin America. Over 500,000 have been treated, and over 18,000 surgeries have been performed. **Most importantly, International Aid does all its work with the express purpose of providing and opportunity to spread good news of the gospel of Jesus Christ.**

International Aid also is a very financially efficient ministry and receives a five star rating from MinistryWatch.com and ranks 15 out of 448 ministries in terms of financial efficiency. More importantly, the ministry also receives a grade of "A" for its financial transparency. Donors can be confident that their donations are being used effectively to bless the poor and reach the lost for Christ.

The Christian Ministry Marketplace – Helping Donors Give Wisely

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

Much like the stock market provides for a sensible and efficient allocation of capital in our economy, the rise of a Christian Ministry Marketplace is providing donors with a myriad of helpful resources to maximize the impact and joy of giving to the work of the Lord. As donors begin to take their giving as seriously as their investing, they will find the assistance offered by the groups listed below to be invaluable. By utilizing these resources, donors are not only likely to make better personal giving decisions, but are also contributing to the growth in the marketplace itself. By so doing, they are helping to lay a foundation for wiser giving for all who follow in their footsteps. Accordingly, we encourage donors to investigate how these groups might help you to give more wisely, achieve a greater impact and create increased joy for both yourself and receivers of your gifts.

The Christian Ministry Marketplace

Resources for Christian Donors

WHY
to give to Christian ministries?

Teaching on Stewardship:

- Crown (crown.org)
- Eternal Perspectives (epm.org)
- Generous Giving (generousgiving.org)
- Royal Treasure (royaltreasure.org)
- Sound Mind Investing (soundmindinvesting.com)
- The Gathering (thegathering.org)
- TheGoodSteward.com (thegoodsteward.com)
- MaximumGenerosity.org (maximumgenerosity.org)

HOW
to give with a discerning mind?

Professional Advisors:

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

Donor Advisors:

- Legacy (philannthropyatwork.com)
- Excellence in Giving (excellenceingiving.com)
- Calvin Edwards & Co. (CalvinEdwardsCompany.com)
- Strategic Resource Group (srginc.org.)

WHERE
to invest in kingdom ministries?

Ministry Research:

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

Ministry Mutual Funds:

- Nat'l Christian Fdn (nationalchristian.com)

Online Donation Services:

- Network For Good (networkforgood.com)
- Kintera (kintera.org)

Featured Ministry Marketplace Participant – National Christian Foundation

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

The National Christian Foundation (NCF) is the country's largest community foundation devoted to helping Christian donors give wisely to further the Gospel of Jesus Christ. Founded in the early 1980s by current Chairman of the Board Terry Parker, an attorney specializing in wills and estate planning, **NCF and its affiliates have facilitated over $1 billion in gifts to thousands ministries and charities.** Given the excellent services NCF provides to Christian donors, it is likely that its impact on Christian ministry will grow rapidly in the years to come. NCF houses thousands of separate donor-advised funds and has assets of roughly $700 million. Grants from funds overseen by NCF are always aligned with the foundation's Christian worldview.

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

Many wise Christian donors have already taken advantage of the resources available from the National Christian Foundation, including Rusty and Carol Leonard, the founders of Stewardship Partners. Additionally, **Stewardship Partners currently manages roughly $15 million of NCF's Pooled Fund assets.** For anyone with more than $10,000 to give to Christian ministry, a donor-advised fund from NCF is definitely worth considering. David Wills can be contacted at 1-800-681-6223.

Knowing Jesus Christ as Your Lord and Savior

While most of those reading 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!

STEWARDSHIP PARTNERS

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