

## Christian Values Investing Inc.

*"serving morally responsible investors"*

Christianvalues.com

### MARKET

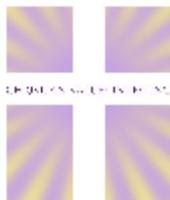
The first quarter of 2008 was the worst for the stock market since the third quarter of 2002. But March ended basically flat for the big indexes. The S&P 500 was off 0.4%, its fifth consecutive monthly loss, largely because of weakness in financial and healthcare stocks. For the quarter, the Dow finished down 7.5%. The S&P 500 was off 9.9%. The Nasdaq shed 10.5%, the Nasdaq-100 14% and the Russell 2000 10.2%. All the averages, however, rebounded a bit more than 5% off lows in January and in mid-March.

The market of stocks has actually done poorly over the past ten year period. That's because 10 years ago we were in the grip of an alarming stock price bubble, with valuations, especially for tech, at staggeringly unrealistic levels. The ensuing correction took the S&P down close to 50 percent and the Nasdaq near 70 percent. But if you made your start date late 2002 or early 2003, when the market hit what we now know was its low, and made mid-October 2007 your end date, you would have more than doubled your money, counting dividends.

If you'd been investing in even increments month by month (steady plodding, **Proverbs 21:5**) even from the peak in early 2000 until now, instead of plunging everything in at the peak, you would be way, way ahead of the numbers.

Much more to the point, over very long periods, any investor should be heavily diversified (**Ecclesiastes 11:2**). The Christian investor who uses the Holy Bible as his or her road map should be invested in small and large cap stocks, REITs, commodities, and some foreign stocks. They will want to keep some of their investments in liquid assets such as cash and bonds, and invest in a home and maybe even a vacation home.

If the Christian investor had owned these assets over the past 10 years, he or she would have wildly outperformed the S&P. But in fact, the real story is following Biblical financial principles such as patience, liquidity, and diversification. With this, you may have some bad times, but you'll get through them.



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### **MODEL PORTFOLIOS**

In middle March, with the looming fears of a falling dollar, US recession and a credit crunch that was mostly caused by subprime lending, we have moved five of our model portfolios into about a 50 percent cash position. Also, consumer confidence and sentiment is low, almost to a depressed level. We believe in the upcoming months they could possibly go lower. Usually consumer confidence and consumer sentiment bottoms about two months after the stock market hits bottom. We believe the market will go lower sometime in the upcoming months and it will give us a buying opportunity well before the presidential election. We cannot predict who will win the presidential election in November but we do predict that the election will be a "positive" event for the stock market.

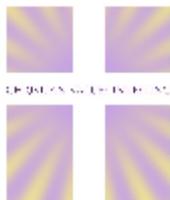
### **CONCLUSION**

The first quarter was a rough one for the stock markets. We believe the market will continue to be volatile over the next few months even though Washington is determined to fix our financial crisis. We believe buying opportunities will exist over the next few months as a turnaround approaches. We also believe the upcoming presidential election will be a positive for the stock market.

We at Christian Values 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. Also, a current copy of our ADV is available upon request.

### **BIBLICALLY RESPONSIBLE INVESTING (BRI)**

Christian Values Investing (CVI), founded in 1993, is a leader in the field of investing with a Christian perspective, known as Biblically Responsible Investing (BRI). *By employing a BRI approach to investing, Christian Values 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.* The Bible is the word of God and a manual for living. Many people would be surprised to know that in the Bible there are over 2,000 references to money and possessions. God cares



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about what we do with that which he has entrusted to us. At Christian Values, we are committed to invest in a way that honors God.

Below are just some of the issues of concern to Christian Values Investing and the specific sinful activities that fall into each category:

1. We desire **justice and mercy for the defenseless** so we screen out companies involved in:

- Abortion
- Life destroying or distorting scientific research
- Human rights issues such as religious persecution, terrorism and political oppression

2. We desire **justice and mercy for the poor** so we screen out companies involved in:

- Greed-based marketing techniques
- Discrimination and unjust labor practices
- Any abuses of the poor, children and/or the elderly

3. We have **compassion for those addicted and/or engaged in sinful lifestyles** so we screen out companies involved in:

- Alcohol, Gambling and Tobacco
- Pornography
- Homosexuality

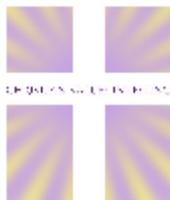
4. We want to **protect marriage and the family** so we screen out companies involved in:

- Entertainment that seeks to destroy biblically-based attitudes
- Efforts to promote lifestyles the Bible indicates are sinful

**Additionally, 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 biblically-based Christian worldview.



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