

Christian Values Investing Inc.

"serving morally responsible investors"

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MARKET

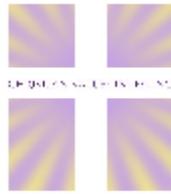
A rather frenzied start to the year has seen the markets move to extremes in both directions. After a volatile January driven by global economic worries, central bank responses caused several major market indexes around the globe to climb to new all-time highs during the month of February. At February month end, the S&P 500 was up 5.4% and the Dow Jones Industrial Average (DJIA) increased 4.4%. In contrast, for the year, the S&P 500 gained 0.4 percent and the DJIA registered a slight loss for the quarter, declining 0.3 percent. March was a rough month for equities. Even though March was a down month for equities, the S&P 500 and NASDAQ registered their ninth straight quarterly rise. The S&P's 500 quarterly winning streak was its longest since 1998. This quarter ending slowing down in performance, reflects uncertainty over corporate earnings and Fed policy. Now more than ever, analysts say US companies require a robust economy that results in higher revenues.

According to Steen Jakobsen, Saxo Bank A/S's chief economist, a likely increase in U.S. interest rates will intensify market volatility and threatens to wipe out any gains investors may have made in the past two years. He believes a slower expansion in the economies of the U.S. and China will also hurt investors holding stocks.

"As the Fed considers raising interest rates, even if the process will be very slow, there will need to be 'real' growth in earnings and top-line revenue for equities to move higher from here," says Oliver Pursche, chief executive of Bruderman Brothers.

Thomson Reuter's data shows that the dollar added to its sharp gains for the quarter, stoking worries about earnings for U.S. multinationals. For many US multinationals, the stronger dollar lowers their foreign-based revenues. On a per share basis, estimated earnings for the first quarter have fallen by 8.2 per cent since year end, the largest decline since the aftermath of the financial crisis during the first quarter of 2009, according to FactSet.

The overall unemployment rate held steady at 5.5 percent for quarter. However, the earnings of the S&P 500 are expected to decline by 2.8 percent in the first quarter from a year ago. In addition, the sputtering U.S. economy created just 126,000 jobs in March while economists expected 245,000. The conflicting economic signals have put the Fed in a quandary: Central bank officials have been indicating a desire to raise short-term interest rates this year as the jobs market improves, but must contend with other parts of the economy that aren't as strong. Talk on Wall Street quickly shifted from expectations for a rate hike in June to later in the year.



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PERSONAL MESSAGE

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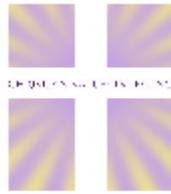
The Beginning and the End

"I am the Alpha and the Omega," says the Lord God, who is, and was, and who is to come, the Almighty." Revelation 1:8

Read that verse again, and this time let it soak deeply into your soul. Doesn't it bring you comfort?

Alpha is the first letter in the Greek alphabet, and Omega is the last. God is saying He is the beginning and the end—of your day, every day and also of your life. I have heard it said that we should sandwich our day in prayer. This means we invite Christ into our lives the moment our eyes pop awake, and then ask Him to bless and keep us as we close them. Another saying often depicted on plaques and in cross-stitch patterns states, "A life knotted in prayer at both ends won't unravel." Begin and end your day with God.

There are days I try to jump start on my own without inviting my Lord into them. There are nights I cast my worries upon my pillow instead of onto Him. But the days I start and end with acknowledging God in my life seem to go better. Not that bad things don't happen on those days, but their impact on me is not as devastating. I find that once I invite my Lord into my day, I am more aware of Him being with me throughout it. He was there a heartbeat ago, He is here now, and He will be there a few breaths from now. Alpha and Omega—the beginning and the end, and every time in between.



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My Lord, spur in me the desire and discipline to make You my first and my last thought each day. I know when I let you into my life I become more aware of Your presence, Your love and Your guidance. Teach me to praise when I arise and thank You when I retire for the night. And in between, remind me I can rely on You to be there, always. Amen.

Take Action

For the next week, consciously make an effort to pray as soon as you wake up and then again right before you go to sleep. See if your attitude becomes more joyful and positive.

MODEL PORTFOLIOS

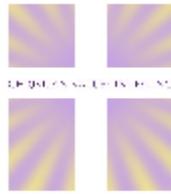
Currently, we believe the market could continue to rise for the next couple of quarters but volatility will continue. Buying opportunities have started to erode. We do believe the Federal Reserve policy makers have another reason to delay an interest-rate increase after a weak March payrolls report corroborated a first-quarter slowdown in the U.S. economy. We believe this delay will be beneficial to our portfolios.

The first quarter has been very good for our portfolios. The Faith Portfolio was up 6.63%, the Hope portfolio was up 5.53%, and the Sanctuary portfolio was up 3.84%.

We believe that interest rates will likely start going up by the end of this year. We currently are not holding any intermediate or long-term bonds in our model portfolios. As interest rates go up, bond prices go down. Short-term bonds will be less volatile than intermediate and longer-term bonds. As interest rates go up, we will gradually move money out of some sectors in the S&P 500 and overweight into other sectors that perform better under a rising interest rate environment.

CONCLUSION

We believe all major markets will hit an all-time high over the next quarter. Just kidding - APRIL FOOLS!



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With the current bull market now more than six years old, we believe investors should start a defensive strategy sometime in the near future following a first-quarter showing for S&P 500 that was its worst since a fourth-quarter decline in 2012.

From a technical perspective, the market has been moving within its basing pattern, which is a good thing. In addition, the 10-week moving average itself continues to trend higher (also a good thing). However, with the state of the economy, the outlook for the upcoming earnings season, and the direction of the Fed is all in question at the present time. The S&P 500 chart action has been rather choppy since the beginning of December. The fact that the S&P has changed direction a total of 12 times in the last 4 months puts an exclamation point on what we will call a "sloppy period." However, the trend itself over the intermediate-term must still be rated moderately positive.

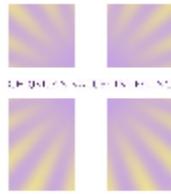
As many of our client's know, the stock market has traditionally been a discounting mechanism for the future outlook for the economy, corporate earnings, and inflation. So, with the economy now growing at or above trend, earnings at record highs, and no inflation to be found anywhere on the horizon, the fundamental outlook for the stock market remains upbeat. However, it is worth noting that absolute valuation metrics such as P/E (price to earnings), P/D (price to dividend), P/B (price to book value), and P/C (price to cash flow) have all reached overvalued extremes at the present time. And given that there have only been 3 bull markets in history that lasted longer than the current run for the roses, we must recognize that risk factors for a meaningful pullback are elevated.

Currently, we have an assortment of optimistic and pessimistic news. The likely cause for the cross-currents in the market is the uncertainty over earnings, the economy, and the Fed. However, the good news is that if the stock market cycle continues, the market could be moving higher over the next few months. So stay tuned, this is likely to be interesting.

We at Christian Values continue to be grateful for the opportunity to serve your investment & financial planning 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*



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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 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:

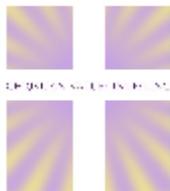
- Alcohol, Gambling and Tobacco
- Pornography
- Homosexuality

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



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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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