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### MARKET

A sudden deterioration in Greece's debt crisis shook global markets in late June. The European Central Bank announced that it was not going to provide any more emergency support for Greek banks. But that was the only thing keeping them alive. In order to prevent total chaos, Greek banks have been shut down for at least a week. Stocks around the world tumbled after a weekend breakdown in negotiations between the Greek government and its creditors left the country teetering on the brink of default. Greece is now closer than ever to an exit from the Eurozone.

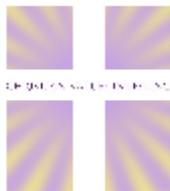
China stocks have dropped more than 20% in the past few weeks despite central bank rate cuts. The Shanghai Composite Index is now entering bear territory. The Shanghai Composite Index became one of the best-performing markets globally last year after years of dismal performance. This year, it has been up as much as 60%. But investors have started to doubt the longevity of that stimulus-driven rally, and analysts are sounding louder warnings that China's market has reached unsustainable levels. A selloff over the past two weeks has taken a big bite out of earlier gains. This rapid panicky selloff is unnerving and causing investors to raise the question about the China's central bank's ability to manage the economy and markets.

As of June 30, 2015, the S&P 500's current streak of 1365 days without a 10% correction is nearly twice the average number of days between past corrections, but unlike past streaks of similar or greater length, the current streak is most likely the result of unprecedented monetary policy actions rather than robust economic performance. In the last 25 years, there have been 2 longer, uninterrupted stock market runs. From 2003-07, the S&P 500 rose without a 10% decline for 1,673 days, and from 1990-1997, the S&P 500 rose 2,553 days without a 10% pullback. The fewest number of days between corrections was 35 in 1974.

A handy field guide to stock market corrections below (data via Dow Jones, Morningstar, Bloomberg):

\* Since the end of World War II (1945), there have been 27 corrections of 10% or more, versus only 12 full-blown bear markets (with losses of 20% +).

\* This equates to one correction roughly every 20 months.



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\* The average decline during these 27 episodes has been 13.3% and they've taken an average of 71 days to play out (just over three months).

\* Since the stock market's bottom in March of 2009, there have been only 2 corrections: In the spring of 2010 the S&P 500 began a 69-day drop of roughly 16%. The widely referenced summer correction of 2011 lasted for about 154 days and almost became a bear market.

\* Bull market rallies in between corrections – and there have been 58 in the post-war period – tend to run for an average of 221 trading days before being interrupted and gaining an average of 32%. By this standard, we are way overdue for a correction (but in fairness, we have been for awhile).

\* As to what we should do during corrections, I'd recommend maintaining a list of high-quality stocks you've been kicking yourself for missing out on and selling the stocks you don't truly love. For those with time horizons longer than five years (most), the best thing to do is grit one's teeth and do very little. If a correction of between 10 and 20% is unbearable to you mentally or financially, that means you've got more money than you should invested in stocks.

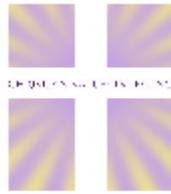
\* As to the question of whether a correction could become a bear market (or worse even, *a crash*), the answer is that this is always possible. But most corrections do not become crashes, and *every single one of them* turned out to have been great buying opportunities in the fullness of time.

\* One lesson of the rally that began in 2009 is that stock prices can go up while individuals are bearish, and that could continue.

### **PERSONAL MESSAGE**

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**When All Hope Seems to Die, You Can Still Have Hope in God.**



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*"The setting of a great hope is like the setting of the sun. The brightness of our life is gone."* – Henry Wadsworth Longfellow

Have you ever experienced a time when the brightness of your life seemed gone? If you've lived for more than 30 seconds, I'm pretty sure you have. Of course, there are times when sorrow or grief seem to overwhelm us; when crushed hopes and sudden disappointments seem to take all happiness from our lives. But for the Christian, I don't believe this should be a permanent darkness.

As I've passed through various dark and seeming hopeless seasons in my life, I have found much comfort in the Psalms. The writings of the Psalms are full of emotions... sorrow, anger, pain, tears, despair. They are real. And they seem to "connect" to my life in a powerful way. There have been many seasons where I've simply "camped out" in the Psalms and have met such sweet comfort there.

In Psalm 42 David says to himself: "Why are you cast down, O my soul? And why are you disturbed within me? Hope in God; for I will yet praise Him, my Savior and my God."

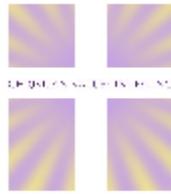
But, what does it mean to hope in God? When hopes seem gone like the noonday sun and the brightness seems forever gone, what do we do?

**First, remember that God is sovereign.** No matter what circumstance you face, nothing takes Him by surprise. He is in control, and as the writer of Psalm 71 states, He is worthy of our confidence and praise.

**Second, remember that God is perfect justice.** Psalm 37 assures us that evil will be punished and that even the prosperity of the wicked is fleeting. Wait for the Lord, He delivers those who take refuge in Him.

**Third, remember that God will be with you.** Psalm 139 reminds us that even darkness is not dark to God.

Turn to God for comfort and peace in the midst of sorrow. Only He can give joy and rest. His compassion is new every morning. His tenderness is great towards His children and the storehouses His mercies can never be emptied. Even in deep grief, God is our hope.



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How good God is! Remember that even when with eyes of tears, we watch our hopes and dreams die, we can trust and rest in knowing that joy and brightness will return; for it does not rest in anything but Jesus Christ. He alone is our hope, our strength and our comfort.

### MODEL PORTFOLIOS

For quite some time we have anticipated a correction in the U.S. stock market. We have warned of rising interest rates and falling bond prices, but as of the writing of this market letter, U.S. stocks have gotten close to a correction but it has not happened. We have been ready for the stock-market sell-off that may not happen.

Our model portfolios have been sitting on some cash and waiting for the right time to buy. Currently, we believe the market could continue to rise for the next couple of quarters but volatility will continue. However, there will be buying opportunities if the market continues to erode. We continue to believe the Federal Reserve policy makers will hold-off an interest-rate increase until the later part of this year or early next year. We believe this delay will be beneficial to our portfolios.

The first-half of this year has been very good for our portfolios. The Faith Portfolio was up 7.01%, the Hope portfolio was up 5.67%, and the Sanctuary portfolio was up 3.59%. For the same time period the S&P 500 was up 1.23%.

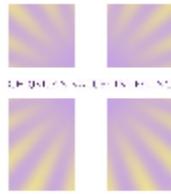
### CONCLUSION

As you are aware, the Supreme Court just handed down a ruling that essentially redefines what marriage is in America. In this market letter, we wanted to let you know how we are responding to the current changes.

First, we maintain that God is still in control. Though we grieve the outcome of this ruling, we do not grieve without hope. We have faith that He is working to bring about His good purposes for His people and for His glory.

Second, we need to be the people who will articulate a Christian vision of marriage and sexuality, and we can't do this if we give up what the Bible teaches about marriage and sexuality. To that end, we see no reason why we would not continue to stand firm on this, even when it comes to our lifestyle screen—affirming that marriage is a holy institution established by God between one man and one woman.

Christian Values Investing would not be what it is today without your faith, love, and continued



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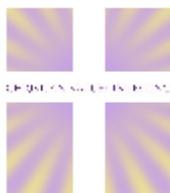
support. We continue to operate out of our commitment to the biblical principles that bring honor and glory to our Lord God. Also, a current copy of our ADV is available upon request.

### **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 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



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### **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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