

Biblically Based Investing

At the core of Biblically Based Investing (BBI) are biblical values, a clear conscience and sound investing.

BBI involves investing in the stocks of companies that are consistent with **biblical values**. The Bible says, “*Whether therefore you eat, or drink, or whatsoever you do, do all to the glory of God.*” (I Corinthians 10:31) Also, “*But seek first the kingdom of God and his righteousness; and all these things shall be added unto you.*” (Matthew 6:33)

The Christian investor can have a **clear conscience** knowing the investments do not violate biblical values. The Bible says, “*I exercise myself, to have always a conscience void of offence toward God, and toward men.*” (Acts 24:16)

BBI also involves **investing** - seeking to earn a good return as a steward of God’s resources. In the parable of the talents (Matthew 25:14-30), Jesus spoke of reward for the two servants who invested wisely, but spoke of severe punishment for the servant who did not invest his talent.

There are three purposes of this paper:

- **Explain BBI** – the scriptural framework and our implementation
- **Describe Impact of BBI** – on me, my clients and others
- **Overview My BBI Practice** – the BBI products and services

The goal is a paper that is accurate, readable, interesting and informative, reflecting God’s instruction, “*And whatever you do, do it heartily, as to the Lord, and not to men; ... for you serve the Lord Christ.*” (Colossians 3:23, 24b)

I. Biblically Based Investing

A. Foundational Issues

The starting point of life and BBI is **God**. *“In the beginning, God ...”* (Genesis 1:1a) God gave **man** a special job, *“Be fruitful and multiply; fill the earth and subdue it; have dominion over ... every living thing”* (Genesis 1:28)

God also provided comprehensive instructions in His Word the **Holy Bible**, *“All scripture is given by inspiration of God, and is profitable for doctrine, for reproof, for correction, for instruction in righteousness”* (2 Timothy 3:16) The Bible is God’s authority for BBI.

A critical foundational issue is **worldview**. For BBI, the worldview is anchored in God and His Word, the Bible. For SRI (socially responsible investing), the worldview is based on people and their views of right & wrong and good & bad. God’s positions are stable and clear (especially on the important issues, such as life and morality), while the positions of people vary considerably.

B. Values Screening. There are two aspects of BBI values: negative values and positive values.

First, Negative values include: tobacco, alcohol, gambling, pornography, abortion, non-traditional marriage (especially homosexual) lifestyle, violent entertainment and embryonic stem cell research. These negative values violate one or more of the following scriptural prohibitions:

“You shall have no other gods before me.” (Exodus 20:3) ... addictions and greed often come before God, such as tobacco, alcohol & gambling,

“You shall not kill.” (Exodus 20:13) ... abortion & embryonic stem cell research

“You shall not commit adultery.” (Exodus 20:14) ... pornography & non-traditional marriage lifestyles, such as homosexuality

“Do you not know that you are the temple of God? ...” (1 Corinthians 3:16) ... most of these negative issues defile God’s temple, the human body

“You shall not lie with a man, as with a woman. It is an abomination.” (Leviticus 18:22) ... homosexuality

“God gave them over to... dishonor their bodies, ... vile passions, ... a depraved mind ...” (Romans 1:24, 26 & 28) ... homosexuality

Using an online values service, such as IW Financial, the companies that violate these negative values can be identified accurately and excluded.

Second, Positive values include: integrity, excellence, justice, compassion, mercy, giving, respect for the environment and provision of necessary products and services. Screening for positive values tends to be somewhat more subjective than negative values screening.

C. Fiduciary Responsibility & Return.

Two other aspects of values screening are noteworthy.

First, Fiduciary Role. There is a growing awareness that the fiduciary responsibility of the advisor not only pertains to the return, but also to the values orientation of the investor.

Second, BBI Return. God promises an adequate return. *“But seek first the kingdom of God and his righteousness; and all these things shall be added unto you.”* (Matthew 6:33) It makes sense that God would honor the companies that follow the rules in the Bible. There is growing evidence that companies that are good produce good results, as illustrated in an Oxford University PhD thesis that was later published as a book entitled, **Profit at Any Cost? why business ethics make sense.**

D. Biblically Based INVESTING

Stewardship is the other key aspect of BBI. The first priority, as Christ instructed in Matthew 6:33, is to avoid investments in companies that dishonor God and focus on companies that honor God. In addition, God wants to earn a return, as illustrated in the Parable of the Talents in Matthew 25:14-30.

There are two key components of biblically based **Investing** – trust and diligence, as instructed by Solomon, *“A man’s heart plans his way, but the Lord directs his steps.”* (Proverbs 16:9) **Trust God** and praise God for the results, *“Rejoice always, pray without ceasing, in everything give thanks; for this is the will of God in Christ Jesus for you.”* (I Thessalonians 5:16-18) **Be diligent**, *“Let all things be done decently and in order.”* (I Corinthians 14:40)

Diligence means using the best tools available within the constraints of God and His Word to achieve a good risk-adjusted return.

For us, the 12-Step Investment Process of Foundation Financial illustrates our BBI diligence. It includes: consider only companies that pass values screens, seek the companies with the fastest and steadiest growth to seek good long-term return, diversify by industry sector to reduce short-term volatility, offer asset-allocated portfolios to reduce risk further, and check portfolios using modern portfolio theory (MPT) statistics in order to improve our investment management.

For others, BBI may involve picking BBI separate account managers or BBI mutual funds or providing separate account managers with a list of companies to be avoided.

E. Follow Through

Aware of God’s two main commandments, love God first and love your neighbor second, the advisor / client relationship with each other and with God is not complete, unless God is glorified. Thus, for example, good BBI performance from a well-diversified portfolio of BBI stocks for a client and / or advisor who is not honoring God is incomplete. God wants our hearts.

An important part of this follow through process is an Advisor trained in biblical financial wisdom, who provides wise counsel in eternally significant areas. This counsel should, for example, reflect God's ownership of all things (we are His stewards) and sensible decisions, based on biblically sound answers to the questions, how much is enough? And what does God want to be done with the surplus?

F. Final BBI Comments

Biblically based investing is an integrated approach to investing that is intended to glorify God in all ways – in the hearts and lives of those involved and for all who observe. May God greet these BBI 24/7 Christ followers with those heart-warming words, “Welcome home. Job well done.”

II. Impact of BBI on Me, My Clients & Others

Biblically based investing is an important part of a committed Christian life. God recognized the importance of money by providing 2350 verses in the Bible about money. Randy Alcorn's book, **Money, Possessions & Eternity**, explores many aspects of a believers' life, including time, treasure and talents. He considers in sobering depth the bondage of materialism, as the rich fool builds bigger barns the day before his death (Luke 12:13-21).

Christ issues a stunning challenge to us as **“WEALTH MANAGERS”** by his statement, *“How hard it is for those who have riches to enter the kingdom of God? For it is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God.”* (Luke 18:24b-25)

It is true that BBI involves good risk adjusted return from a diversified portfolio of companies whose businesses and operations are consistent with the Bible. But much more eternally important, BBI should be part of the lives of Christians. Another book by Randy Alcorn, **The Treasure Principle**, states that you cannot take wealth with you when you die, but you can send it on ahead by giving generously to support God's work. Or as the Apostle Paul said, *“Not that I seek the gift, but I seek the fruit that abounds to your account.”* (Philippians 4:17)

Jesus further instructs, *“Behold, I send you forth as sheep in the midst of wolves: be ye therefore wise as serpents, and harmless as doves.”* (Matthew 10:16) May we investment professionals, clients and friends be both wise and harmless as God uses us for His glory and grace.

III. Impact of BBI on My (God's) Practice

Biblically based investing is, for me and my wife, a way of life.

Our mid cap portfolio is based on BBI. The stocks in our separately managed accounts are in companies whose products, services and / or operations are consistent with biblical values. Our 12 Step Investment Process reflects, we hope, the biblical values of diligence and excellence. Our operations, we hope, reflect BBI standards of diligence and excellence.

Our investment advisory business reflects our desire to follow through on the Kingdom Advisors Core Training in Biblical financial wisdom for financial advisors. We seek to follow Peter's guidance, "*But sanctify the Lord God in your hearts, and always be ready to give a defense to everyone who asks you a reason for the hope that is in you, with meekness and fear; having a good conscience, that when they defame you as evildoers, those who revile your good conduct in Christ may be ashamed.*" (I Peter 3:15-16) Even more than fine wealth building investment advice from the perspective of the world, we want to provide eternally significant advice that helps our clients grow in grace. We hope to help clients experience the joy of generous giving and avoid building bigger barns for excessive wealth.

In the grace and mercy of God, we want to be used by God for sharing the Good News with the lost and helping the saved grow in grace and knowledge of our Lord Jesus. "*Go therefore and [or as you go] make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all things I have commanded you; and lo, I am with you always, even to the end of the age.*" (Matthew 28:19-20)

Russell E. Miller, CFA
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Candidate for CFCA Designation of NACFC

*Note. This White Paper or Thesis was completed as part of the four day training program directed by Alan Ross and Mark Minnella. The program also suggested reading Randy Alcorn's **Money, Possessions and Eternity** and sales / client relations material from Michael Pink. At the core was the practical advice from Alan and Mark on helping clients build a financial fortress and helping us as advisors recruit, train and follow through on campaigners who would help build our business. This business building focus was a key part of this assignment to answer three key questions in this paper:*

- 1. What is Biblically Based Investing?*
- 2. What impact will practicing Biblically Based Investing have in a person's life?*
- 3. How does the knowledge of and acceptance of Biblically Based Investing impact your practice?*