



CHRISTIAN VALUES INVESTING

Balancing Faith & Finance

*Whatever you do,
do it all for the glory of God.
Corinthians 10:31*

SAGE | INVEST WITH WISDOM™

Introduction

Christian Values Investing in the United States has a rich history that intertwines deeply with broader religious movements and the evolution of social justice initiatives within our country. This form of investing looks to align financial practices with Christian ethical and moral principles, impacting various aspects of investment choices, from security selection and asset allocation to shareholder activism.

The Beginning

The roots of ethical investing in the US can be traced back to the religiously and ethically motivated investment decisions made by communities like the Methodists and Quakers. For instance, the Methodists adhered to the guidelines set forth by the English cleric John Wesley (1703-1791), one of their founders, whose sermon "The Use of Money" outlined the necessity of not harming one's neighbor through business practices and emphasized ethics in earning and using money. Even in the early 1700s the Religious Society of Friends, a Protestant denomination known as the Quakers, had set up prohibitions against

taking part in certain trades that contradicted their ethical stances, such as slavery and war. This included not investing in or profiting from businesses that were involved in industries dependent upon these activities.

During the 1960s and 1970s the Civil Rights Movement and the anti-war sentiments related to the Vietnam War galvanized broader interest in Socially Responsible Investing (SRI). Many religious investors and organizations began to seriously consider the impact of their investments on social justice and peace. During this period the Reverend Leon Sullivan, a Baptist minister, developed the Sullivan Principles: guidelines for corporations operating in apartheid-era South Africa. Investors used these principles to exert pressure on companies to act ethically, marking one of the early forms of shareholder activism motivated by religious and ethical values.

Beginning in the 1990s the focus of Christian Values Investing expanded from purely negative avoidance screening to actively pursuing investments that focused on promoting positive social and environmental

Genesis 2:15

The LORD God took the man and placed him in the Garden of Eden to work it and watch over it.

outcomes, especially in low-income and disadvantaged communities. This was partly inspired by biblical teachings on helping the poor and promoting social justice. With the advent of global climate concerns, many Christian investors also began focusing on environmental stewardship, inspired by biblical calls to care for the Earth.

Christian Values-based investing in the US has evolved from simple prohibitions against certain types of business involvement to a sophisticated approach that integrates deep ethical considerations into all aspects of investment management. This growth reflects a broader understanding of how financial activities can reflect Christian commitments to justice, peace, and stewardship of the earth, showing the practical application of faith in economic life.

Theological Foundations

In Christianity, faith and financial stewardship are intrinsically linked, with each influencing the other in a dynamic interplay. Faith shapes financial behaviors through a comprehensive ethical framework derived from biblical teachings, and these financial behaviors, in turn, reflect and express one's faith in tangible ways. This relationship underscores the role of Christians as both stewards of material resources and bearers of spiritual truths in their broader communities.

While the Bible does not directly address modern investment strategies, numerous biblical passages lay out principles that can guide ethical and moral decision-making in finance, including investing. These passages provide a scriptural foundation for investing in a manner that aligns with Christian ethics, focusing not only on financial returns but also on the broader impact of investment choices on society and an individual's spiritual health.

Key Biblical Principles

Stewardship

Christians are taught to view themselves as stewards rather than owners of their resources, which ultimately belong to God. This perspective encourages careful and responsible management of financial resources and possessions.

Psalm 24:1 *The earth is the LORD's, and the fulness thereof; the world and they that dwell therein.*

Concern about stewardship and being trustworthy in managing resources reflects one's morality and ethical character.

Luke 16:11-12 *So if you have not been trustworthy in handling worldly wealth, who will you trust with true riches?*



Theological Foundations (continued)

Key Biblical Principles

Generosity

The Bible emphasizes the importance of generosity and giving, especially to the poor and needy.

Corinthians 9:6-7 Every man according as he purposes in his heart, so let him give; not grudgingly, or of necessity; for God loveth a cheerful giver.



Contentment

Teachings on contentment discourage the pursuit of wealth for its own sake and encourage a focus on spiritual riches.

Philippians 4:11-13 Not that I am speaking of being in need, for I have learned in whatever situation I am content. I know how to be brought low and how to abound. Any and every circumstance, I have learned in the secret of facing plenty of hunger, abundance and need. I can do all things through him who strengthens me.

Accountability

The concept of divine accountability for how wealth is used permeates Christian financial ethics.

Matthew 25:14-30 For it will be like a man going on a journey, who called his servants and entrusted to them his property.

This passage is seen as a call for Christians to act wisely in managing or investing their God-given resources in a productive manner.

Building a Values-Based Investment Framework

Over the last decade, in response to growing investor demand, a range of faith-based investment services have emerged. These services provide values screening capabilities to help identify companies involved in businesses and services that contradicted Christian biblical teachings and highlighted those with strong records of community involvement, environmental stewardship, and ethical labor practices.

More recently, Christian Values investment screening efforts have reflected a growing interest in identifying investments using the UN-supported PRI's Sustainable Development Goals (SDGs) to recognize investments that

align with Christian teachings on poverty, justice, and care for creation.

At Sage, we employ a combination of both negative and positive factor screenings for Christian Values-based clients to ensure their investment portfolios reflect their respective faith-based values.

Typically, negative screens seek to identify companies to avoid based on a range of criteria, while positive screens seek to include and favor companies that “do good” according to the investor’s moral and ethical criteria. These combined screening methods are integral parts of our investment process

to ensure that our investment decisions are made with the right balance of financial, ethical, moral, and spiritual considerations in mind. This leads to the creation of a comprehensive and holistic investment strategy that reflects the religious and ethical standards of our clients while also fostering capital growth through investment in business sectors that contribute positively to the world.

Negative Screening

This is a due diligence and research process that involves excluding investments in companies or industries that engage in activities considered unethical or inconsistent with Christian Values. It is rooted in the biblical principle of stewardship, where believers are called to manage their resources in a way that honors God.

Sage’s negative screening process will evaluate and focus on companies that exercise poor governance policies and/or generate more than 10% of their annual revenue from the production, promotion, distribution, or sale of the following unacceptable products and services:

- Alcohol Production & Distribution
- Tobacco & Other Harmful Drugs
- Pornography & Adult Content Media
- Gambling Casinos, Equipment & Media Platforms
- Abortion Services & Contraceptives
- Embryonic Stem Cell Biotechnology
- Environmental Negligence
- Nuclear, Biological & Chemical Weapons
- Civilian Firearms
- For-Profit Prisons
- Predatory Lending
- Unfair Labor Practices
- Human Rights Violations & Deficiencies
- Racial & Gender Discrimination

SUSTAINABLE DEVELOPMENT GOALS



Building a Values-Based Investment Framework (continued)

Positive Screening

This process involves the identification of industries and companies that align with Christian Values, such as environmental stewardship, ethical and non-discriminatory business practices, public health and education advocacy, and other activities that promote the common good. Through this evaluation process we seek to construct and manage investment portfolios with superior long-term risk and reward profiles that work to satisfy the following goals:

- **Access to and the availability of healthcare services, affordable housing, educational resources and poverty alleviation.**
- **Leadership in environmental stewardship and natural resource management, the development of clean energy technologies and sustainable agriculture, and the reduction of carbon emissions.**
- **A commitment to and maintenance of fair labor standards, respect for human rights across company supply chains, positive contributions to local communities, and the promotion of products and services that enhance societal well-being.**

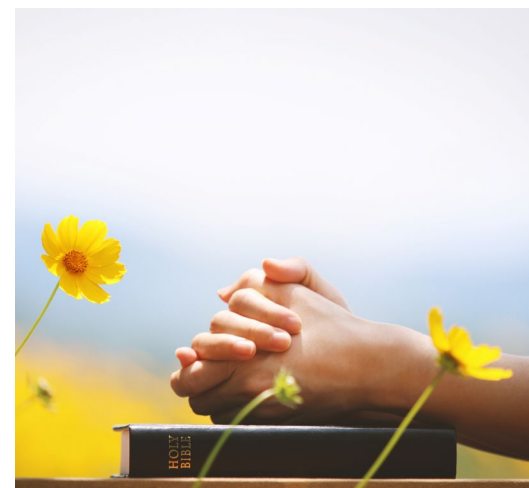
- **Clear transparency, full disclosure, and management accountability in all corporate policy decisions and operations, including public reporting on social, environmental, and governance performance metrics.**

Our Christian Values investment process dynamically integrates comprehensive assessment of environmental, social, and governance related data to support the firm's investment decision-making and security selection process. We believe that an organization's ESG-related policy and risk management efforts often provide helpful information about its resilience and growth potential, as well as its ability and willingness to adhere to the teachings of the Bible in its business activities.

Lastly, Sage's positive screening endeavors involve a level of active engagement with companies to encourage and support their efforts to improve their respective ethical, social, and environmental practices.

Importantly, our Christian Values investment screening is not a set-it-and-forget-it process; it requires ongoing review and adjustment.

Maintaining updated information on company practices is crucial as businesses can change or introduce new product lines that might require a re-evaluation of their suitability for investment. We are well supported in this effort through the firm's proprietary research, as well as reliable independent databases and reporting services that track company activities, screening out those engaged in prohibited sectors and ensuring that companies maintain or improve their positive practices.



Business Sustainability Risk Assessment

The Sage Leaf Score®

At Sage we utilize a proprietary risk assessment system to help support our Christian Values investment screening process. The Sage Leaf Score evaluation process is used as a tool to identify and compare “best-in-class” companies based on their relative environmental, social, and governance performance metrics as well as its ability to adhere to a client’s particular religious values.

Our process combines a macro industry risk analysis with company-level quantitative and qualitative financial, values, and sustainability evaluation. This enables Sage’s investment managers to comprehensively assess multiple companies across a range of industries. Sage’s investment team actively engages the system to help make informed Christian Values-based decisions. Our methodology unites the following considerations to support the security selection and investment portfolio construction process:

Industry Level Analysis: Sage creates an assessment of an industry’s economic risks to understand how different industries face

various levels of sustainability-sensitive risks that may also be core Christian Values-related investment concerns.

Company Level Analysis: Sage generates individual company evaluations within specific industries on their adherence to Christian Values in products, services, operating record, and sustainability practices to include management effectiveness.

Controversy Analysis: Sage examines not only a company’s record of substantive community support activities but also its critical public incidents associated with its products, services, and practices, as well as management responses to adverse business challenges.

Sustainability Momentum Evaluation: Sage evaluates the past trends and future trajectory of a company’s sustainability practices to assess its policy direction and commitment.

Peer Group Comparison: Sage creates a ranking of companies vs. industry peers to identify sustainability and Christian Values-based leaders and laggards.

Sage’s comprehensive data analysis effort encompasses a universe of over 1,400 domestic and multi-national companies.

Following our routine analysis, each of the organizations within the investment universe is assigned a Leaf Score within a range of 1-to-5, with a 5-Leaf Score representing a corporate leader and a 1-Leaf Score representing a corporate laggard.

As a matter of general policy, Sage will invest predominantly in companies that receive a Leaf Score of 3 or higher, reflecting their financial strength and sustainable business practices for Christian Values-based clients.

Our company Leaf Scores are reviewed and updated quarterly by our dedicated research team and reported monthly by security holding on client investment portfolio statements.



Sustainable Development Goals Analysis

Over the last decade, the rapid growth of Christian Values investment screening services has reflected a growing interest among communities to identify investments using the UN PRI's Sustainable Development Goals (SDGs) to evaluate and recognize investments that align with Christian Values teachings on poverty, justice, and care for creation.

The SDGs are a set of 17 interconnected global goals adopted by the United Nations to help asset owners and their intermediaries address various near- and long-term social, economic, and environmental development objectives. Many of the SDGs resonate with the social teachings and concerns of the Bible, particularly those that focus on protecting human dignity, human life, the environment, and the poor.

Sage's SDGs analytics and reporting capabilities provide useful information to help

our Christian Values-based clients align their investment portfolios with the social teachings and ethical principles of the Bible while also working to address the many global challenges and societal development targets outlined within each of the respective SDGs.

Our analysis includes a detailed assessment of a company's operations, products, services, policies, and practices to determine its net impact on the various SDGs.

Sage's evaluation methodology looks for both positive contributions and potential negative impacts across each of the 17 individual goals. This process employs the following measures to assess a company's SDGs alignment, achievements, and shortcomings:

Product Alignment: Sage scores the impact from a company's respective products and services across each of the SDGs.

Operational Alignment: Sage scores the impact that may be directly associated with a company's operational activities, supply chain management, and materials sourcing.

Net Alignment Scoring: Sage provides a combined overall assessment of a company's alignment with each relevant SDGs as either:

- **positive (aligned)**
- **neutral**
- **negative (misaligned)**

Christian Values-based investors can use Sage's SDGs analytics to measure and report on the degree of specific SDGs alignment within their investment portfolios and the level of compliance with their SDGs-based investment objectives. They can also identify those investments that are most aligned with the Christian social and environmental goals of a client's religious community to help guide their ongoing investment endeavors.

Christian Communities

A Comparative Review

A Christian denomination is defined as a religious organization that combines local congregations into a single legal and administrative body. Members of a denomination share similar beliefs and worship practices, and they work together to preserve and develop shared enterprises.

Today there are over 200 Christian denominations in the United States and, according to a 2020 Pew Research Center Survey, this includes nearly 210 million people. This means that about 65% of the adult population has identified themselves as Christian. These statistics clearly illustrate that Christianity is the most prevalent religion in the United States.

The approach to Christian Values Investing across the many different denominations has several common themes, but there are also significant ethical or moral policy differences and varying Biblical interpretations within this diverse universe of religious communities, each reflecting their respective theological priorities and considerations.

In the next section of this report, we provide a brief comparative review of the focus, ethical guidelines, and investment preferences associated with a select group of the largest and oldest Christian denominations currently practicing within the United States.

Corinthians 12:12 *There is one body, but it has many parts. But all its many parts make up one body. It is the same with Christ.*



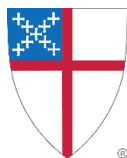
Southern Baptist Convention

The SBC emphasizes moral and ethical purity, biblical literalism, and traditional Christian Values. The community believes in the Bible as infallible and the ultimate authority in matters of faith and practice. This principle underpins all aspects of life and is a driving force in teachings, moral decisions, and worship. The community emphasizes conservative investment practices and guidelines that align with the traditional moral, ethical, and religious beliefs of the Baptist faith, i.e., the sanctity of life and family values.

Southern Baptists typically emphasize personal and corporate ethics aligned with evangelical Christian Values. They focus on biblical authority and moral absolutes when determining suitable investments. Many Baptist investors view environmental stewardship, social justice, and ethical governance as biblical mandates to be considered in the investment process.

The Baptist community commonly avoids investing in companies involved in the production, distribution, and sale of alcohol, tobacco, and pornography. It avoids investing in the gambling industry, including casinos, and companies that manufacture gaming equipment and certain types of military weapons. In accordance with the denomination's pro-life stance, it avoids companies that provide abortions or are significantly involved in the abortion industry. Companies known for unethical business practices, major labor violations, environmental damage, or corruption are also avoided.

Companies that provide family-friendly entertainment and educational materials. Pharmaceutical companies focused on curing diseases. Health and wellness retailers providing services in underserved areas. Renewable energy companies and businesses engaged in sustainable agriculture; companies with strong environmental policies. Community banks and insurance companies with strong consumer protections and anti-corruption policies. Technology companies that improve consumer accessibility and enhance education or healthcare. Companies involved in building affordable housing, infrastructure firms focused on sustainable development, and REITs that manage properties serving essential community functions.



Episcopal Church

The Episcopal Church is known for its broad-minded approach and social justice advocacy, integrating these values into its investment preferences and encouraging investments that promote environmental stewardship, social justice, and ethical corporate behavior. The Church relies upon the Committee on Corporate Social Responsibility (CCSR) to provide guidance on responsible investing practices. It maintains a detailed social responsibility investment policy that includes positive screening for environmental sustainability and community involvement, and negative screening against human rights abuses.

The Episcopal Church's approach to investing is deeply integrated with its broader mission, reflecting a commitment to ethical integrity, social justice, and care for the environment. It emphasizes the inherent dignity of all people and environmental stewardship, reflecting its belief in the sacredness of creation. The church looks to invest in companies that show strong corporate governance, transparency, and accountability to include fair executive compensation and anti-corruption policies.

Companies involved in the extraction and production of coal, oil, and natural gas, and companies that have been penalized repeatedly for violating environmental laws. Companies that manufacture, distribute, or sell tobacco products and pornographic materials. Companies that operate private prisons or have significant involvement with the private prison industry. Companies with a history of significant legal penalties for corruption, fraud, or other unethical practices, as well as those involved in significant labor abuses or working in conflict zones under unethical conditions.

Companies involved in sustainable forestry, agriculture, environmental conservation, and renewable energy technologies. Companies involved with affordable housing projects and community development for underserved or low-income communities. Companies that provide educational opportunities and healthcare services to improve access for disadvantaged groups. Companies known for their fair labor practices that promote diversity in their workforce, leadership, and board.



United Methodist Church

The UMC is known for its strong commitment to social justice and ethical stewardship, which significantly influences its investment practices. The UMC operates under a framework of guidelines and principles aimed at ensuring its investments are responsible and align with its broader theological and ethical convictions. The General Board of Pension and Health Benefits of the church provides guidance and direction on investment-related issues.

Ethical Guidelines

The ethical standards of the UMC are based on its history of involvement in social issues, such as anti-apartheid and labor rights, and reflect the Church's social principles and ethical mandate to support human rights, social justice, and environmental stewardship. These principles significantly influence and underpin its investment preferences.

Investment Exclusions

The UMC generally excludes investments in industries that produce or significantly profit from alcohol, tobacco products, and pornography. The Church avoids investment in gambling enterprises, including companies that operate casinos and gaming equipment manufacturers. It also avoids investing in companies that are involved with the production of fossil fuels; that manufacture or distribute weapons, particularly of a military nature; and that create or manage of private prisons; as well as high interest financial services that exploit financially vulnerable populations.

Favored Investments

Companies that engage in sustainable agricultural practices, water conservation, and other environmentally friendly initiatives, such as clean and renewable energy source development and distribution. Companies focused on creating affordable housing and improving access to quality healthcare and education in underserved areas. Companies that have strong community development that uphold human rights and have good labor relations. Companies that engage in environmental stewardship, sustainable agriculture, and clean energy technology. Microfinance institutions that aim to generate measurable social or environmental impact alongside a financial return. This aligns with the church's broader mission of doing good in the world.

Presbyterian Church

Presbyterians have a long history of supporting human rights and follow a well-defined ethical framework that reflects the denomination's broader theological and moral principles, primarily driven by a commitment to social justice, community service, environmental stewardship, and corporate governance. Investment preferences are guided by the Presbyterian Church (USA)'s Board of Pensions and its investment arm, the Presbyterian Foundation, and are designed to support the financial sustainability of the church's mission and activities.

Presbyterian investing is characterized by a careful consideration of ethical implications, guided by a theology that emphasizes stewardship, social justice, and the ethical management of resources. This approach not only looks to avoid harm but also to actively promote good through investments, demonstrating a commitment to living out faith principles in all areas of life, including financial stewardship.

Companies that are involved with alcohol, tobacco, gambling, and pornography are typically avoided. In recent years, divesting and avoiding investments in fossil fuels and other industries that contribute to environmental degradation has become a priority for the community. Some Presbyterian bodies advocate for divestment from the military-industrial complex, aligning with their peace and reconciliation efforts.

Presbyterians are encouraged to invest in companies that promote environmental sustainability, including renewable energy and sustainable land and water use. Investments in companies that support community development projects to provide affordable housing and support job creation and economic development in underserved communities are preferred.





Lutheran Church

The Lutheran Church is guided by two separate entities, the Lutheran Church – Missouri Synod (LCMS) and the Evangelical Lutheran Church in America (ELCA). The LCMS supports a more conservative theological and social stance focused on doctrinal purity and moral values. The ELCA is guided by a progressive theological stance that advocates a strong commitment to social justice, environmental stewardship, and corporate governance.



Unitarian Universalist Association

Unitarian Universalism is characterized by a liberal theological approach that strongly supports inclusivity, human rights, environmentalism, and social justice. It operates a Socially Responsible Investment Fund that actively engages in shareholder advocacy and community investing, focusing on environmental sustainability and equity.



American Friends Service Committee (AFSC)

The AFSC is a Quaker organization that was founded in 1917 by members of the Religious Society of Friends to assist civilian victims of World War I. The community has a rich history of aligning their investments with their core values of peace, equality, integrity, community, simplicity, and stewardship of the Earth.

Ethical Guidelines

The LCMS emphasizes the preservation of doctrinal integrity, which influences its investment decisions to reflect a conservative Christian ethic. The ELCA emphasizes inclusivity and community support in both its ministry and its investment practices. The ELCA's investment activities are rooted in the concept of social justice as an integral part of its faith expression.

Unitarian Universalism is guided by a set of Seven Principles that emphasize the inherent worth and dignity of every person, justice and compassion in human relations, and respect for the interconnected web of all existence. They inform organizational and financial decisions, including investments.

The community pioneered ethical investing with a strong tradition of pacifism and the promotion of social and environmental well-being, stemming from their belief in the inner light within all people. Quakers emphasize peace, integrity, community, and equality, which are reflected in their investment choices.

Investment Exclusions

The LCMS avoids investing in industries like alcohol, tobacco, gambling, pornography, and abortion services, reflecting its conservative moral values. The ELCA avoids investing in companies that contribute to social inequities, environmental degradation, and other issues contrary to its vision of global justice. This includes companies involved in alcohol, tobacco, weapons, pornography, and fossil fuels.

Companies involved in fossil fuel production and distribution, weapons production and defense-related products, tobacco, gambling, pornography; companies with poor records on environmental degradation, labor practices, gender, racial, or LGBTQ+ equality and involvement with human rights abuses.

Quakers strictly avoid any investment in the defense or military industries; companies that produce violent video games, civilian firearms, and related products. The AFSC supports efforts to combat climate change by excluding investments in fossil fuel companies and businesses that cause significant environmental damage. Companies that construct or manage private prisons or take part in the gambling industry, including casinos and companies producing gambling equipment.

Favored Investments

The LCMS does not publicly offer specific details on positively focused investments but is presumed to support companies that align with conservative Christian Values and that contribute positively to moral and ethical community standards. The ELCA actively looks to promote environmental sustainability, corporate responsibility, and human rights through its investments. This includes supporting companies that engage in fair labor practices, renewable energy projects, and those that have strong community involvement.

Companies that prioritize the welfare of the planet and its inhabitants, reflecting a broad commitment to upholding their core principles through their investment choices. Investment preferences include companies involved in developing sustainable technologies and renewable energy as well as those that actively support LGBTQ+ rights, racial equality, and women's rights.

Companies that focus on conflict resolution, communication platforms, and peacebuilding initiatives. They embrace community development financial institutions (CDFIs) that empower underprivileged communities through microfinance, education, and health services. The community prefers to invest in companies known for ethical business practices, transparency, accountability, and strong anti-corruption policies; companies engaged in renewable energy, conservation, and sustainable practices.

Summary

While the denominations reviewed in this report share a common Christian foundation, their approaches to values-based investing reflect their distinct theological emphases and social concerns. These differences influence both the screening processes they use to exclude or include certain investments and the types of engagement and advocacy they pursue as investors. This diversity illustrates the broad spectrum of how faith can intersect with financial stewardship in the Christian context.

Each denomination's investment strategy reveals a deep integration of faith with financial stewardship, aiming to foster a

positive impact while avoiding profits from activities they find morally or ethically objectionable. These denominations look to ensure that their investments reflect their values, encouraging a just, peaceful, and sustainable world.

Their differences largely stem from theological interpretations and the social teachings prominent within each denomination. Their ethical standards and guidelines not only direct how church funds are invested but also serve as a model for individual members of the congregations, showing how faith principles can directly influence financial decisions in the broader market, benefit the broad economy, and lead to better societal outcomes.



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