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CHRISTIAN STEWARDSHIP

by Patrick W. Johnson

*Stewardship: the careful and responsible management of something entrusted to one's care.*¹

The concept of stewardship is as old as creation. In the first chapter of Genesis, God gave man dominion over His creation and commanded him to subdue it. Robert R. Ellis, writing in the *Southwestern Journal of Theology*, said three simple truths from Genesis 1: 26-30 summarize stewardship's definition and its magnificence:

- God created, and therefore He owns.
- We manage resources that God owns.
- We were created in God's image, and therefore we are expected to manage resources the way God would manage them.²

Stewardship touches every area of life: our time, our finances, and our relationships. We have a clear Biblical mandate to be faithful stewards of the resources God has entrusted to us (I Corinthians 4:2). It is our responsibility to constantly examine every facet of our life to determine how well we are managing our Creator's resources.

What grade would you give yourself in the stewardship of your investment assets? When confronted with this question, the natural tendency is to focus on traditional barometers such as the rate of financial return of our investment assets. It is easy to say, "Well, my large-cap manager has averaged over 20 percent over the past five years. And my allocation between stocks and bonds is structured perfectly for the amount of risk I desire to take. Therefore, I would have to give myself an 'A' in the stewardship arena." But, have you ever thought of the moral return on your investments?

Moral return can be measured by one simple question: Do the corporations you invest in share your same ethic?

One prominent Christian investment advisor recently told a congregation at a well-known large church that after 20 years of analyzing portfolios for individuals, foundations, endowment funds and retirement plans, he believed that Christians unwittingly own most of the alcohol, tobacco, gambling and adult entertainment industries in America. And the sad truth is, he is probably right. Sadder yet, most well-intentioned Christians do not know it! Why are most Christian investors unaware of the types of companies they are funding with their investment resources?

For one thing, the capital markets today are huge. There are over 10,000 publicly traded companies. Also, with companies merging so rapidly, it is difficult to keep up with all of a company's subsidiaries. Assets in mutual funds have surpassed \$5 trillion and are growing larger by the day as our market continues to soar and millions of individuals invest their 401Ks and other retirement assets in these vehicles. The pace is frantic and the technology behind this phenomenon is mind-boggling. It is exactly this pace and technology that has put a wall between investors and the companies they own.

Let us look at an example. The head of a non-profit ministry involved in the fight against gambling spends every waking hour educating the public on the dangers of this industry. His conviction is deep, for his brother became addicted to gambling five years ago and lost everything that was dear to him. Yet this same man personally profits from the growth of the gambling industry by owning shares in a casino stock in his 403-b plan. The institutional money manager for the ministry also has a portion of its endowment invested in a hotel that offers gaming. What kind of moral return is being realized on these investments?

The good news is that things are changing. Both institutions and individuals of conscience are beginning to seek out ways to align their

¹ Merriam Webster's *Collegiate Dictionary*; 10th edition; Merriam-Webster, Inc. ©1997.

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convictions with their faith. This trend is traditionally known as “socially responsible investing.” A new offshoot of socially responsible investing, known as values-based investing, is gaining momentum in the Christian investment world. Values-based investing seeks to identify companies that profit from industries that would be in opposition to a Christian worldview. These industries include such areas as alcohol, gaming, tobacco, pornography, abortion and non-marriage lifestyles. And the numbers bear this out.

According to Social Investment Forum, over \$1 trillion is now invested in a socially responsible portfolio. In fact, nearly one out of every ten dollars under management in the United States is part of a socially responsible portfolio. It is not surprising that the number of socially responsible mutual funds tripled from 1995 to 1997!

How can you seek to implement your own values-based philosophy in the management of your investment assets? First, decide which social issues are important to you. We have seen an increasing number of individuals develop social investment policies that seek to avoid investments in companies whose activities oppose Biblical principles. This can be tough at the beginning as you seek to think through all of the issues in which these corporations may be involved. But remember that there is no test at the end! This process will be continually refined and perfected as the years pass. Prayerful consideration and openness to God’s guidance is the only requirement during this process.

Once you have identified your core social issues, seek quality research to help you implement an investment strategy built around your social concerns. A well-intentioned social policy is meaningless unless you have quality research to guide your investment process. If you are a do-it-yourself investor, organizations like Life Decisions International are excellent resources for accurate information on corporate activities. If you work with an investment advisor, Values Investment Forum (VIF) provides a number of research tools that can be useful throughout the process. If you sit on an investment committee or board of a non-profit ministry and are concerned about how your ministry’s assets are invested, VIF can provide research to your ministry designed to assist you in

aligning your social convictions with your investments.

Utilize financial products whose investment styles align with your social concerns. If you have significant assets to invest, there are hundreds of quality institutional investment managers who will follow social screens with an eye on performance. If you are a smaller investor, you may want to start with a values-based mutual fund while you are building your assets. There are a number of quality companies launching mutual funds and variable annuities aimed at the Christian marketplace.

Continually review your portfolio holdings to ensure that stocks that fail your social policy screen are not inadvertently purchased. If you utilize an institutional manager, it is a good idea to provide him or her with a list of excluded companies on the front-end so that inappropriate stocks are not inadvertently purchased. If this happens, work out a strategy to sell the stocks in a timely manner.

Sir John Templeton, one of the world’s most respected investment managers and founder of Templeton Funds, sums it up nicely: “You wouldn’t want to be an owner of a company that is producing harm for the public, and therefore, you wouldn’t want to be the owner of a share of a company that’s producing harm for the public.”

Take Sir John’s statement one step further. You are not really the owner of the share of that company, God is. You are simply entrusted with the responsibility of overseeing His share. So ask yourself this question: “Would God be pleased owning shares of this company?”

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