

# “Good” Investments

Biblical concepts undergird new trends in ethical investing.

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A “good meal” was once a hamburger with fries on the side. Today, however, most would confess that a good meal needs to be somewhat “greener” than that, because food needs to do good in addition to just tasting good! There has been a similar change in the world of investing, with a growing recognition that “good investments” are not just about good returns but also about accomplishing good in the process.

The basic concepts are simple: we are responsible for our investments; our investments ought to reflect our values; and our investments ought to have impact, making a positive difference in the process of earning a return. However, that simple idea has spawned a burgeoning collection of confusing terms and options that do reflect different approaches. So how do we know where to start?

A historical overview of these developments shows how a sense of responsibility has deepened over the past 50 years. Values alignment was the first option to emerge in the 1960-70s, with the goal of screening out or divesting “sin stocks” of companies involved in tobacco, weapons or civil rights

abuses. The concept of integrating **ESG (Environmental, Social and Governance) standards** into the analysis of stocks became more and more common over the next few decades. **Engaged ownership** also took shape as fund managers used tools such as proxy voting to drive positive change at a corporate level. **Impact investing** as a term was first used in 2007, meaning that investments accomplish specific positive impacts while generating a return, which sharpens the focus on social goals. Initial impact investing took the form of capital loans to social agencies but, more recently, there has been an emphasis on investments focused on the 17 UN Sustainable Development Goals.

## **CHRISTIAN ROOTS**

These relatively recent developments have old roots that, interestingly, are tied to Christian faith and history. As far back as the mid-1700's, the Quakers and Methodists had guidelines for how their members should invest, avoiding industries like tanning and chemical production which could harm the health of workers. "Responsible investing" itself actually travels a road paved by the basic Biblical concept of stewardship. Stewardship acknowledges that God ultimately owns everything and so we are only stewards, managing property on behalf of Another to whom we will one day give account.

It follows that Christians have a clear call to consider the meaning of good investment stewardship. The question is not just what return can be achieved but also how. The responsibility extends as well to Christian charities, foundations and organizations that find themselves managing investments. These groups are in a unique place of serving and leading their communities, and there is a growing chorus of voices, both from the Christian community and from society at large, calling for "good investing" that is clearly aligned with mission. No longer is it acceptable to just use your five percent annual return for good and leave the capital missionally idle!

Investors who seriously venture here are faced with significant questions: What impact is needed most? What is the best way to accomplish impact? What investment vehicles are most appropriate? How can impact be measured and compared? How can one distinguish true impact from mere marketing?

One helpful starting point is the tremendous impact opportunity that exists in Christian community, which is why several charities across Canada, including Christian Stewardship Services (CSS), are intentionally participating in impact investing by providing mortgage financing to churches and Christian charities. These churches and charities are engaged in diverse and flourishing ventures in the name of Jesus and so the mortgages represent strategic investments in God's Kingdom. For example, projects financed by CSS's pool of deposits have included groups working in such diverse areas as creation care, homelessness, First Nations communities, refugee supports, education, social policy, international sustainable development and, of course, growing churches that have unique local impacts. Who can measure the total impact potential in projects like these!

How are *you* going to make "good investments"?

## ABOUT THE AUTHOR



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