

Study Group

July 2021 Listening Guide



As Kingdom Advisors, we are constantly learning and developing our skills, our expertise, and our philosophies. Many advisors within our group have embraced the practice of faith-based investing. Certified Kingdom Advisor® Rachel McDonough shares her personal journey with faith-based investing and outlines key points for those who are also considering the practice.

A New Idea

Before attending the 2009 Kingdom Advisors Annual Conference, Rachel had never thought about the business activities that were funded by the investments she recommended. Multiple years of preconference sessions and the support of KA colleagues helped her choose to practice faith-based investing.

Initial Stages

- How would I integrate my Christian faith into my professional journey?
- “When you figure out how to do it, let me know.”
- Finding a God-sent mentor within KA
- Changing firms
- Research: a CFA-led comparison of faith-based and conventional funds

Game Changers

1. Commitment to a prospective client created a deadline.
2. Changing firms and starting from scratch provided opportunities to implement.

Getting Started

If you feel that this issue matters to God’s heart, find a way to give yourself a push. Our goal should be constant improvement instead of waiting for the perfect time to take the next step.

You can find the most current version of the Faith-Based Investing Matrix at makeyourmoneycount.com/advisor-resources.

Something is better than nothing when it comes to screening. None of the methodologies are perfect, but the goal should be progress, not perfection.

Focusing Your Practice

Faith-based investing can be appropriate for clients who embrace similar values, even if they’re not Christians. If we switch the language to “values-based investing,” we can have the same process with Christian and non-Christian clients.

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A Case Study: Implementing Faith-Based Investing in Your Practice

Rachel McDonough

Implementing Faith-Based Investing in Your Practice: Next Steps

1. Include some high-performing, morally screened stocks or funds into your current portfolio lineup. Start swapping them in for conventional funds, offering a more gradual start and a comfortable pace. This can be an easier way to begin the conversation with clients.
2. Use the menu of faith-based funds that are available at your firm. Some firms have added faith-based funds to their platform because of the persistent advocacy of their advisors. Be sure your home office knows this is important to you and to your Christian clients.
3. Hire a faith-based third-party manager or collaborate with another advisor who is more knowledgeable in this area. Outsourcing your CIO services allows you to focus on serving clients.
4. Create a customized strategy by selecting your preferred faith-based funds or individual securities and using screening tools to screen them manually.

Remember: When you investigate a faith-based fund through a screening tool and see red flags, understand the fund's screening process and why they arrived at their process. Each fund has distinct screening practices and policies. Portfolio managers for faith-based funds are often willing to listen to feedback and explain their decisions.

Tips for Successful Client Conversations

1. Invest your personal assets according to your own convictions so you can lead clients with genuine authority.
2. Don't assume anything. Clients don't usually respond the way we expect them to. Be prepared for any reaction.
3. Meet the clients where they are but invite them to take the next step. Propose adding one or two strong-performing funds in their mix, or split the portfolio between faith-based and conventional funds.
4. Be patient. It can take time for clients to accept this new concept. Continue to mention faith-based investing until clients understand and are comfortable with it.
5. When starting out, have simple talking points rehearsed. If possible, be prepared to share an anecdote or specific company example to help clients relate to this idea.

Suggested Conversation Starters

1. "Is there any type of business activity you don't want to profit from?"
2. "Are there certain types of companies that you would be excited to see grow and be able to serve more people?"
3. "Does your personal faith or values influence the types of businesses you prefer to invest in?"

- Be a leader. Clients want to know what you think about this.
 - Offering something (faith-based investing) that other advisors do not offer helps to develop loyal clients.
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1. Rachel said that faith-based investing is a journey, not a destination. What do you think she means by that? Would you agree or disagree?
2. Rachel described several options for implementing faith-based investing into practice. Have you or an advisor you know used any of these options? If so, describe the experience.
3. What questions have you or might you use to introduce the subject of faith- or values-based investing with your clients?

1. Have I considered my personal convictions in investing and can I articulate them clearly to my clients?
2. Have I discussed my investing convictions with my spouse or family members?
3. What next steps will I commit to take as a result of this teaching?

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Join us for our August 2021 Study Group