



## SCREENING THE S&P 500 FOR CHRISTIAN VALUES

### WHEN SCREENING INVESTMENTS FOR CHRISTIAN VALUES, DOES SIN WIN?

#### An Impressive and Reassuring Revelation

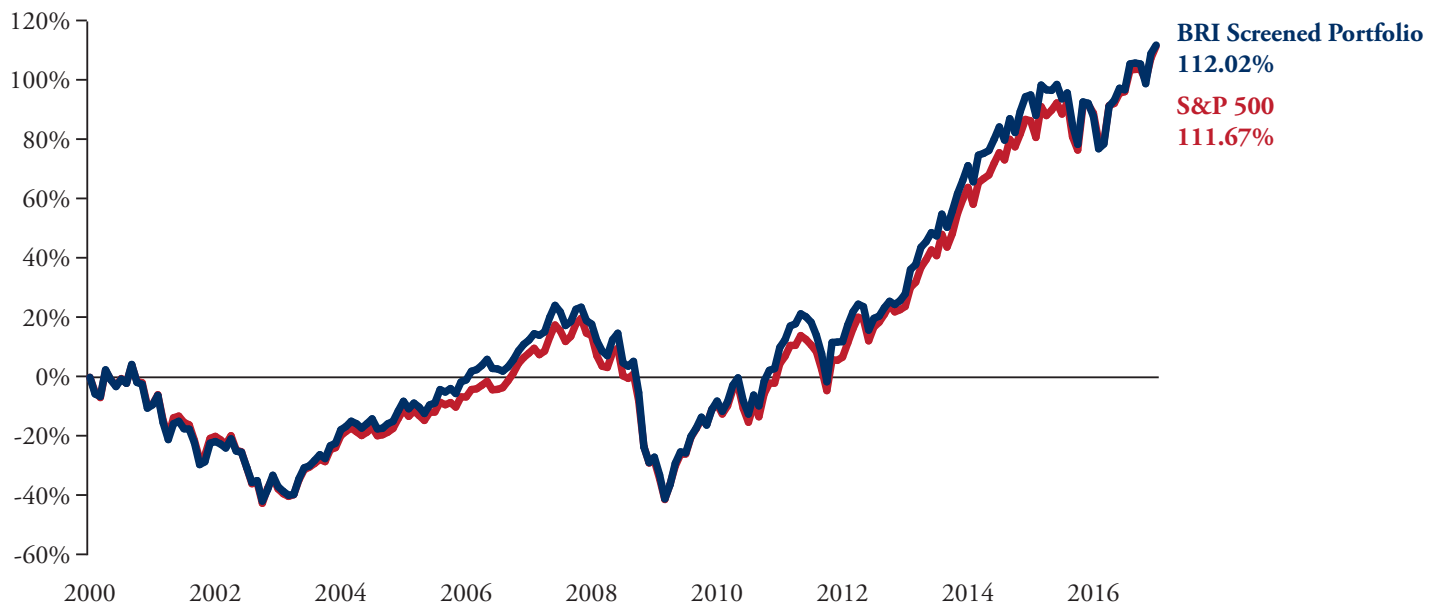
Christian investors naturally want to be good stewards of the wealth the Lord has entrusted to them. For that reason, they are concerned about how their investments line up with their beliefs and convictions. Could they inadvertently be using the Lord's money to support sinful activities through the companies they invest in? For most Christian investors, the answer is, unfortunately, yes.

Since almost all money managers fail to take into account concerns such as abortion, pornography and human rights abuses, most portfolios hold companies involved in such activities. Using the Biblically Responsible Investing (BRI) approach embraced by the Biblically Responsible Investing Institute (BRII), however, allows Christian investors a means of eliminating such disconcerting issues from their portfolios.

**Many people assume, however, that if companies involved in objectionable activities are removed from their portfolio, their investment returns will suffer. After all, sin wins when it comes to making money – right?**

To examine this question, BRII carefully assessed the impact of screening the S&P 500 index over the last seventeen years. The results are reassuring to investors desiring to honor their Lord by aligning their investments with their Christian beliefs. The chart below tracks a portfolio of companies passing BRII's comprehensive screens versus the unscreened index. As can be seen, in the long term sin has not won!

**BRI Screened Portfolio Beats the S&P 500**  
Cumulative Returns of BRI Screened Portfolio vs. S&P 500  
1/1/2000 – 12/31/2016



Source: BRII, Bloomberg

The screened results presented in this document are simulated and do not correspond to any real investment product. Simulated performance data is hypothetical and provided for informational purposes only. It does not reflect actual performance and is gross of any fees. This document is not an offer to buy or sell securities. Past performance is not indicative of future results. The screened portfolio was rebalanced monthly using a multifactor equity risk model to minimize industry and style biases due to screening. The number of securities screened out of the S&P 500 during the test period ranged from a low of 54 to a more recent high of 225.

## Corporate Saints Outperformed in the Long Run BRI Screened Portfolio Shows Advantages Over the Unscreened S&P 500

TIME PERIOD	ANNUALIZED RETURNS		
	BRI SCREENED	S&P 500	BRI ADVANTAGE
1 year	12.78%	11.96%	0.82%
3 years	7.36%	8.87%	(1.52%)
5 years	13.61%	14.66%	(1.05%)
10 years	6.54%	6.95%	(0.41%)
15 years	6.86%	6.69%	0.17%

Source: BRII, Bloomberg

While BRI screening resulted in a slight disadvantage in some recent periods, the BRI screened portfolio outperformed the S&P 500 in the long run. As cultural attitudes have moved away from Christian standards, the number of companies engaged in some form of sinful activity has increased sharply. Nevertheless, we believe the effect of BRI screening on performance will remain minimal. If we are correct, investors need not worry that utilizing a BRI approach will hurt their returns over the long term.

### Screening the Index

The screening methodology employed in this study was provided by the Biblically Responsible Investing Institute, or BRII ([www.briinstitute.com](http://www.briinstitute.com)). BRII is the leading provider of biblically-based research on those corporate activities which are incompatible with a biblical worldview. Currently, BRII's comprehensive database has information on over 2,000 public companies including many foreign companies.

Using biblical standards, BRII has identified over 60 activities that are of concern to Christians and has built an extensive database that catalogues corporate violations of these biblical principles. For this particular study, BRII identified those companies in the S&P 500 that would have been excluded from our portfolio due to their participation (violations) in the following defined objectionable areas:

1. Justice and mercy for the defenseless:
  - Abortion
  - Life destroying or distorting scientific research
  - Persecution of Christians and other oppressed peoples
2. Justice and mercy for the poor and needy:
  - Discrimination
  - Substandard labor practices
  - Any abuses of the poor, children and the elderly
3. Compassion for those addicted and/or engaged in sinful lifestyles and those organizations that support such activities:
  - Alcohol, Gambling, Tobacco
  - Pornography
  - Homosexuality
4. Protection of the institution of marriage and the family
  - Entertainment that seeks to destroy appropriate attitudes
  - Efforts to promote alternative lifestyles

### What Can We Learn From This Study?

Contrary to what many believe, Christian investors seeking to incorporate their faith into their investments would have actually tilted the odds of investment success in their favor over the long run. While this success may not persist in the future, Christians seeking to honor the Lord with the wealth He has given them stewardship over can take comfort from these good results over the last seventeen years.