

IP Faith-Based Investing Show 2

Participation and Growth in Faith-Based Investing

This is Investor Perspectives. I'm the host of Investor Connect, Hall T. Martin, where we connect startups and investors for funding.

In our new Investor Perspectives series entitled "Faith-based Investing in a Post-COVID World", you'll hear about participation and growth in faith-based investing.

As the COVID pandemic passes, we emerge into a new era. The faith-based investing space is now undergoing tremendous change as we shift to a post-COVID world. Faith-based investing takes precedence with many investors in the financial industry. We have investors and startup founders describe the changes coming up.

Our guests are:

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We hope you enjoy the show.

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[01:11] Our next guest is **Tony Long, Co-Founder and Managing Partner at CLX Ventures LLC. CLX identifies and executes real estate-related development, investment, and services ideas that produce exceptional risk-adjusted results. Tony, thank you for joining us.**

Tony Long: Yeah, thanks for having me.

Hall Martin: Great. So can you tell us more about your work and what has been your participation in faith based investing so far?

Tony Long: Well, we started the company three years ago, and my partner Brad Copeland and I, we've known one another for 30 plus years, we both started at Trammell Crow Company, and we stayed friends and business associates through all these years. And so, we started the company on the idea of developing apartments, multifamily assets and industrial logistics assets in Texas on the notion that investor sentiment has been changing over the last 10 years or so toward those two segments, and primarily driven by demand for industrial and multifamily space. And so, that's really the business part of it. The faith based side of it really is just baked into our company, I mean, our company named CLX, the X stands for chi, which is the Greek letter, signifying Christ, and so we're a Christian company and based on Christian values, and that's really the foundation of our company. And furthermore, in our multifamily investing, our projects deploy a community building services called apartment life, and apartment life basically dedicates an apartment to usually a couple that will move into your community, and basically, create activities that will build community, firstly, build community amongst all the other residents, but then offer a faith element like a Bible study or some kind of a prayer, email or text chain, where people can engage there. And additionally, in our offices, once a week, about for 12 weeks, once a year, we do this thing called alpha course. And alpha is just a real creative, open way to discuss some of the more deep questions of life. And, of course, it leads to discussion about the Bible, and the gospel of Christ, and those types of things. But we host that in our office, and it's been a lot of fun to see all of that. So those are the kind of things that we do, and try to inculcate that into everything we do as a firm.

Hall Martin: Great. Well, let's talk about the growth in the faith driven investing space, what do you see going on there?

Tony Long: Well, I think it's probably driven by the idea that folks know that they want to invest, and they find a segment, whether it's oil and gas, real estate, or startups, and they have a choice, and if they can invest in companies that have a faith based fundamental or a foundation, then that's been sort of their choice. I don't know any of the stats on, like, is it bigger now, or, is it more in favor, I really don't know, because we really don't track that. I mean, we're really focused on just making a profit and living by our code. And so, that's really what – that's what we do.

[04:41] Our next guest is David Simms, Managing Partner and Founder at Talanton. Talanton is an impact investing organization that invests in values-driven, growth-stage enterprises in Kenya, Rwanda, and Uganda. They seek to partner with businesses that have \$500K to \$5M in revenue in sectors that provide jobs for those living in poverty. David, thank you for joining us.

David Simms: Hall, thank you so much for having me. Delighted to be here.

Hall Martin: Great. So tell us more about your work and what is your participation in faith based investing so far?

David Simms: Well, Hall, I've had decades of experience that goes back to my experience in the micro finance sector. But I think the thing that will be of most interest to your listeners isn't how that particular industry grew to be a multibillion dollar industry, but what we're doing right now with Talanton, which is directly investing in businesses in East Africa that are able to create jobs to help people work themselves out of poverty. And we have a unique ability to bring the disciplines of investment into Africa in a way that really can help people in just the uniqueness of what a job does to give people hope for a brighter day tomorrow.

Hall Martin: Great. Well, let's talk about the growth in the faith driven investing space. What do you see going on there?

David Simms: Hall, it's really an exciting time to be working in this space. What we see is that there are lots of different investment opportunities now that people have that would range from domestic to real estate to the international or alternative investments that we're part of. The thing that has really grown exponentially, I'd say, recently, is a wide range of the understanding that there are multiple bottom lines, and people can invest for risk adjusted market rate returns in all kinds of these sectors, or they can put a premium on, do they want to see social, spiritual, environmental returns, more at the forefront of what they're doing with their investment, and the space has just grown to be more inclusive of allowing all of those things to be part of someone's own investment portfolio.

[06:49] Our next guest is Andrew Stoner, Chief Investment Officer at Paradiem LLC. Paradiem redefines success for purpose-driven families and business owners by challenging social norms and balancing family and finance to build Kingdom impact and generational prosperity. Andrew, thank you for joining us.

Andrew Stoner: Yeah, thank you Hall for having me, appreciate it.

Hall Martin: So tell us more about your work and your current participation in faith based investing.

Andrew Stoner: Yeah, our journey at Paradiem with faith driven investing really started back in 2007, when our CEO and also my mentor, Eric Dunavant, left a large investment company to start his own practice. And it really came from this perspective, which has now become kind of our slogan is that we hate investing, which is a crazy thing to say, in this environment, but it's this idea that we hate traditional investing in the traditional investing mindset, and it's because it's very fear and greed driven, it's very much focused on short term outcomes, and typically, have no idea what companies you own and why you own them. A lot of times, they're just throwing money into these broad owned index funds or mutual funds, and you have no idea of what exactly you're owning. And when we got started, what we were really driven by was trying to focus on what we call intentional ownership, which is this idea of, which is really simple, just intentionally owning companies that are excellent, and that are doing positive things and really promoting impactful practices in the world.

Hall Martin: Great. Well, let's talk about the growth in the faith driven space. What do you see going on there?

Andrew Stoner: Yeah, so advisors have really been incorporating their faith into their practices for a long time. But the actual aligning investments with faith driven values is really kind of a relatively new practice, or, at least, from what we found, for us, it wasn't until we got involved with things like Kingdom Advisors and Faith Driven Investor that we actually started to realize that there's people like us out there who are trying to incorporate their faith into their practice, and specifically the companies that they owned. And since then, we've run into partners like Eventide and Inspire and Timothy Plan that are companies that are solely focused on providing faith driven investment vehicles. And so, for us, we were – we love that, because we'd start our own portfolios, and we're doing all this work with individual stock strategies, but then we began to realize that there's other people out there that were wanting to do the same thing; and since then, the faith driven investing space has really been just accelerating. And I think the main trigger of that growth has been awareness, just people knowing that there's other tools and resources out there to be able to align their investments with their faith values, because there's a huge desire for it.

[09:39] Our next guest is Wes Lyons, General Partner at Eagle Venture Fund. Eagle Venture Fund invests in world-changing entrepreneurs who are tackling tough problems like modern-day slavery, combatting malaria, and building technologies that help people and many other companies. Wes, thank you for joining us.

Wes Lyons: Thanks for having me. It's a pleasure to join.

Hall Martin: Can you tell us more about your work and your participation in faith based investing so far?

Wes Lyons: Yeah, I'm a general partner in two private equity funds, Eagle Venture Fund where we're investing in early stage tech entrepreneurs that are doing impact companies, whether

that's, examples include software companies combating modern day slavery, building health access innovation platforms for the poor. And so Eagle Venture Fund is tech entrepreneurs changing the world, and then on the other side, we're doing impact real estate, which is in partnership with a group called Apartment Life, so multifamily real estate with a team that's loving on the residents and sharing the gospel of Jesus with them. They have a 21-year track record, have served millions of folks.

Hall Martin: Great. Well, let's talk about the growth in the faith driven investing space. What do you see going on there?

Wes Lyons: We're seeing a big shift of growth in the investing space. Eagle Venture Fund has been investing for about five years in faith driven entrepreneurs. And we've probably seen a 10x explosion in just the pure deal flow of early stage entrepreneurs that are doing – are explicitly expressing their faith in their businesses and doing so in businesses that aren't just trying to make a dollar, that are really trying to make a difference in the world. I think part of that is from some great efforts, groups like the Lion's Den that have been putting out events and creating consistent places for companies like this together and meet capital sources. Other groups like Faith Driven Investor has built an entire marketplace, I'm sure you're familiar with their work. Kingdom Advisors is getting involved more in the space, and they have pushed to 1500 certified Kingdom advisors working on advising high net worth folks in this space. There's a number of other pieces, Ocean Accelerator, Practice Accelerator, the fund flows into some of the bigger public funds, I think even _____ success in the public markets has made a big difference to prove to people that values aligned investing really does work. So how that translates for us at Eagle Venture Fund is we're just seeing way higher quality deal flow, and way larger volume than we were, say, three years ago, and it feels like it really hit me in the curb, kind of, before COVID hit and even through COVID, just there's a lot more entrepreneurs with language that this ecosystem is a thing. I think three or four years ago there were plenty of Christians trying to express their values through business, but many of them would have been like, wait, there's an ecosystem around that, you can pursue funding from value fund sources, that was kind of before a new idea from many entrepreneurs.

[12:37] Our next guest is Michael Arrieta, Founder and CEO at Garden City Companies. Garden City Companies is a purpose-driven, evergreen holding company that acquires and permanently holds family-owned service companies with \$2-10M EBITDA. Michael, thank you for joining us.

Michael Arrieta: Yeah, thanks Hall, looking forward to our conversation.

Hall Martin: So great. Well, can you tell us more about your work and what you do, and what is your participation in faith based investing so far?

Michael Arrieta: Yeah, so what we do, I run a company called Garden City Companies, and in the simplest way put, think about it in terms of if Berkshire Hathaway went and bought small to

midsized family owned companies. Right? So if they bought much, much, much smaller business than what they typically buy, such as pest control, landscape, roofing companies, pool companies, accounting firms, legal firms, civil engineering, anything and everything around that sort of space of any sort of business services, industrial services. So we buy these companies that typically have annual net profit of anywhere between \$2 and \$10 million per year, and we buy them typically from owners that are looking to retire and they don't have a liquidity or succession plan. And once we buy them, we grow them through culture, technology, and strategic sales, and we hold it forever. So we have this perpetual evergreen buy and forever hold model where we never want to sell our businesses. We just want to steward them over a long period of time.

Hall Martin: Well, let's talk about the growth in the faith driven investing space, what do you see going on there?

Michael Arrieta: Yes, there's a lot going on there. In regards to faith based or faith driven investing, all it simply means is there's a group of people that their faith matters a lot to them, and they want to also bring that into how they invest. Right? And so, there's many people out there that their faith is sacrosanct to them and very important, and they do not feel called to really integrate that into their daily investing life, which is fine, there's no judgment in that whatsoever. But there are other people that they do want to incorporate how their faith impacts their life, and bring it into the investment circles. So my faith personally drives everything I do, which is why I started Garden City. What Garden City means is that in the beginning, when God created the world and everyone in it, I believe he made us in His image to thrive and prosper and flourish. So I want to continue what God did in the beginning of the garden, and bring it into our cities. Right? I want to foresee this world where we bring heaven onto earth. So that's our big vision. So we look for businesses that tend to employ everyday Americans with – that are typically paid with lower wages, they don't have college degrees and whatnot, and we look to create a very holistic, a very thriving, caring environment based on our faith, where people are valued, they have dignity, they have a voice, they have advancement opportunity, and we really want to see them thrive, prosper and flourish. So we're seeing a lot of things like this with _____ people's faith are driving their investing strategies, just like it is here at Garden City.

[15:51] Our next guest is Josh Wilson, Principal Broker and Owner at Kingdom Syndicate. Kingdom Syndicate focuses on syndicating private investment deals putting people and deals together. Active investors are made up of family offices, private equity groups, special purpose acquisition companies etc., and their partners are made up of service providers and organizations that look to them to establish and expand on strategic business relationships. Josh, thank you for joining us.

Josh Wilson: Hey, thanks for having me, man. This exciting and nervous.

Hall Martin: This will be easy for you, I think. For example, tell us more about your work and what you do, and what's your participation in faith based investing so far?

Josh Wilson: We focus on real estate acquisitions, and also business acquisitions, and soon to be capital acquisition, can't wait to do that. And in terms of being interviewed, I have a public relations company that we're building out, and we have a ton of different shows, and I've done about 800 interviews externally, but anytime the mic's pointing at me, makes me a little nervous. But when it comes to faith based investing, with faith, sometimes you look at faith and sometimes you look at numbers, and sometimes things don't exactly match, right? So as an investor, I approach things of going, like, what's my return on this, how's it looking, but when you add faith and investing together, sometimes, you know, I was talking to my business partner about this the other day, we're looking at a guy that we want to invest in, and our investments in a public relations company, and our venture company of what we're building, the investments are in people. So we're looking at this guy, I go, I'm like, I feel like the green light, right, in terms of internally of god saying, invest in this person, but I'm looking, I'm going, this might lose money, right, it might not be a lot, it might be a little, we'll do milestones things, but it's just like, faith base, am I going to listen to God, or am I going to listen to the checkbook, or my bank account, am I going to listen to what the financials say or what this guy's skill sets are, or what the personality profiles are. So investing in faith, sometimes, you know, you got to have faith. Right?

Hall Martin: Absolutely. So let's talk about the growth in the faith driven investing space, what do you see going on there?

Josh Wilson: Yeah, so I think impact, right, if we look at the ESGs, and what the world is doing over here with impact investing and such like that, I think that there's starting to be these Christian leaders that are rising up and going, wait a second, not all of these things are aligned with our core beliefs. So I think in the ESG world, right, the sustainable goals, or whatever they're called, right, the UN created 21 ESGs, or, I don't even know if that's the right term. But I think Christians are starting to go, well, here are some things as investors as Christian leaders, that we believe in, right, so we're starting to create these things, like, I believe in maybe freedom of speech and press, right? So maybe we're starting to invest more in those kinds of things, or, I believe, that education shouldn't be this way or that way. So I see more people and Christian leaders putting money behind things, and, as an investment, there's sometimes that

we want to return, and then there's some things that we just want to see the impact happen. So I'm seeing more and more of that stuff, and I'm trying to keep my finger on the pulse of what that is. And it's going to cause controversy, it's going to cause people to get their feelings hurt, it's going to be exciting.

[19:03] Our final guest is Bill Wichterman. Bill is co-founder of Wedgwood Circle, an angel investment network driving investment into arts and entertainment that seeks to renew culture. He is President of Faith & Law, a ministry to congressional staff seeking to integrate their faith with their calling to the public square, and he is Chairman of the Board of the political arm of the March for Life. Bill, thank you for joining us.

Bill Wichterman: Yeah, thanks for having me.

Hall Martin: Great. So tell us more about your work and what you do and what's your participation in faith based investing so far?

Bill Wichterman: Well, I do have a day job at a law firm in Washington DC, and I spend most of my career in government, White House, and Capitol Hill. But in recent five-six years, we've really been focusing on, in terms of my extracurricular, if you will, on investing in the angel space, venture capital, and private equity, but also now, very much in the impact investing space, both domestically and abroad.

Hall Martin: Great. So let's talk about the growth in the faith driven investing space, what do you see going on there?

Bill Wichterman: It's really been remarkable, Hall, and there's five-six years – I've been involved in this space, overall, 15 years, but in the last five or six years, it's just exploded, both in the number of organizations involved, the number of people involved, the enthusiasm, the number of conferences – you could spend your whole year going to conferences now and being involved with different angel networks. It's been – and the whole faith based space, it's burgeoning. I'm a Christian, and I would characterize it as a work of God of how it's happening. And I think there's been a lot of recognition that philanthropy has its limits, and that philanthropy has its role to play for sure; but it's not only more effective often to work in the faith based investment space for profit model, but I think it also stretches your dollars. And so, I think for both things, and when we think about cultural change, and domestically or abroad, we think that business is really a way to affect that to a greater extent, because of the crucible of profits, and, in a way, that sometimes nonprofits, it's a metric they often lose.

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