

IP Faith-based Investing Show 7

Changes expected in the coming 12 months and our guests' final thoughts

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 changes expected in the coming 12 months and our guests' final thoughts.

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:

1. [Steve Gatena, Founder and CEO, Pray.com \[01:26\]](#)
2. [Shane Enete, Associate Professor of Finance at Biola University and Investment Analyst at Inspire Investing \[05:31\]](#)
3. [John Siverling, Director of Private Markets, OneAscent Capital \[10:58\]](#)
4. [Endel Lias, Founder and Managing Principal, Nexus Impact Advisors \[15:48\]](#)
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We hope you enjoy the show.

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[01:26] Our first guest is Steve Gatena, Founder and CEO at Pray.com. Pray.com is the world's #1 app for daily prayer and faith-based audio content. Pray.com is the easiest way to incorporate prayer into your daily life. Pray.com is the only religious app in history to become a Top 5 grossing Lifestyle app in the Apple app store and the company has been named as one of the Best Places to Work by the Los Angeles Business Journal as well as one of the world's fastest-growing mental health apps by Sensor Tower. Steve, thank you for joining us.

Hall Martin: And so, what changes do you expect to see in the coming 12 months in this space?

Steve Gatena: I expect a massive influx in capital, into the faith driven investing space. When I first started pitching the concept for pray.com, there was no sizable investment that had happened in this space. pray.com really led the way in major investments on the consumer side of the faith based media space. There were some B2B kind of SaaS style companies that had gotten some investment, but really pray.com was the first venture backed direct to consumer product in this space. Since then, there's been an influx of capital coming to really invest in other types of companies in the space, and with the kind of growth trajectory that we have, and the way that we're growing revenue and subscribers year over year, which is pretty remarkable, I think that there's going to be a large influx of capital coming into the faith driven investing space.

Hall Martin: Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Steve Gatena: I would say some of the additional topics that we could cover, I mentioned the explosive growth of pray.com, that explosive growth was really supercharged by the COVID pandemic. So when churches shut down and people needed to get online to access faith based content, really the pandemic was a catalyst for us to really grow our direct to consumer business in an unprecedented way. When we started the pandemic, we had about 70,000 subscribers, today we have over 2 million subscribers. So the growth post-pandemic was unprecedented. Something that is also happening concurrently in our space is the prevalence of internet access and mobile technology. People all over the world have cell phones connected to the internet now. And something that we're excited about pray.com is the global opportunity. There's more Christians in Africa than people in the US. And there's more Christians in Asia than people in the US. And there's more Christians in Latin America than people in the US. So pray.com is building a global business that is going to dominate Latin America, Asia, Africa, and North America, we see it in our data, we see it in our trends, we see it in our subscriber growth, we see it in our revenues, we see it in the app store rankings. And I think the idea of a US centric consumer investment in this space is really an outdated idea. I think that if I was an investor

coming into this space, I would really want to consider in a post-COVID world, in a post-pandemic world, what does a global consumer product look like, what does a global consumer brand look like that serves people of faith, and how might that evolve over time, and what's the total addressable market for something like that, and what is the team that can build something like that, and what is the brand that could represent something like that on a global level.

Hall Martin: Cool. I appreciate you sharing that with us, and they'll let you get back to it. And thanks so much for the information, that was very helpful.

Steve Gatena: Thank you, Mr. Martin. Take care.

[05:31] Our next guest is Shane Enete, Associate Professor of Finance at Biola University and Investment Analyst at Inspire Investing. Inspire invests in some of the most impactful companies in the world, but also seeks to be one of the most impactful companies in the world. Every year, Inspire donates at least 50% of corporate profits to impactful charities with their Give50 campaign. Shane, thank you for joining us.

Hall Martin: So what changes do you expect to see in the coming 12 months in the BRI space?

Shane Enete:—more ETFs, which I think is great. I love seeing more and more companies producing ETF products, it really is the way to produce a product. Nowadays, it's relatively cheap, it's loafy. You avoid the whole class share _____ class structure that to me violates fiduciary duties and practices. And yeah, you're creating more of a passive process, which I think is really healthy, and just rules based type of world where you are just trying to give people exposure to certain asset classes, in a broad basket, in a low fee way, which index investing is kind of how most investors want to invest; and then if you just apply some screens to it, and then you also apply some positive screening methodology, and then you also do corporate engagement, where when companies do violate a screen, you engage them for a couple, you know, a year or so. All of that is just really pretty things, and you're seeing more companies with those type of products coming out with ETFs. And then, yeah, and the fees are going down as you reach scale, fees are starting to creep down from original groups that like the Timothy Plan had 2% type of fees that have crept down to one, and now the ETFs, like, Inspire products are 0.6; and then if you are – you can get them down 0.4. And the goal is to make BRI just as competitive as a Vanguard product, maybe not quite at that level, but something where you're proud, like, it's a good product, regardless of whether it's labeled Christian or not.

Hall Martin: Great. So what else should we cover that we haven't?

Shane Enete: Let's see. I think, so for me, what I feel like is one of the biggest needs in this space is academic rigor, and there really isn't a lot of good work being done. I think the problem, because you want to see what is happening with the products beyond just a basic factsheet of returns, and you want to look at things from a FAMA French factor analysis. You want to look at things, comparing them academically to see whether risk has been a certain

way, whether the attribution has really been all about... So when you implement a BRI strategy, what are the costs, and it needs to be approached from more of an academic lens than just kind of like a, oh, we outperformed the S&P, or, oh, we underperformed it. It needs to be dissected further. And if theorized and faith based investing is meant to be legitimate, it needs to be under the microscope of what all the other spaces have, which are PhD in finance, people who are just saying like, this is good, this is bad, this is costly. When you do apply a lot of these screens, you lose half your investable universe, and you need to help clients help investors understand is there, what kind of costs will you experience or expect to experience, is this something that's really going to be costly, is it something that really won't be a problem. And there's some studies that will say that, and most studies are either for ESG will show that there's a positive benefit if, or, just a negligible, you know, it just doesn't matter versus non-ESG. So, it's either net wash or net gain to do an ESG framework. It's just more data that you're adding to your process, which is good. And it forces investment managers to think from more of a longer term perspective. And so, I think, we don't know yet with BRI, is it, you know, what's the type of cost. I would think if you get rid of that, much of the investable universe, that there should be an inherent cost, and I think most Christians will be fine. I just would paying some sort of price for applying biblical or integrating biblically their investment portfolio. But it's important to know what, and there's a chance that it is a wash, and that there's some benefits that wash with the drawbacks. But I'm wanting to do more research that the industry is so new, that most of the ETF products are barely three years old, just a few years old. There's a few that are going to hit a five-year mark soon. And I think once you start getting five years of data, that really helps actually do some analysis. Though I'm really discouraged, because the last five years has only been mostly up markets, and you can't do any good analysis when everything is just going up. so I just think investors need to see clearly what the implications of this are on risk and return. And I think it's totally fine to have it be costly, because if you have strong convictions, and if you want to be consistent, it's fine, and I just want to have us all count the cost. Or what if all of the data shows that it really isn't costly, and there's a virtue to in the returns to applying this philosophy, that could show.

Hall Martin: Great, appreciate it, thanks so much for taking time.

Shane Enete: All right, thanks, I'll see you later. Bye.

[10:58] Our next guest is John Siverling, Director of Private Markets at OneAscent Capital. OneAscent Investment Solutions manages a variety of values-based investment strategies designed to help investors live aligned with what they value most. Their broad suite of investment solutions includes turnkey models, individual strategies, and retirement portfolios that combine a disciplined investment process and a commitment to values-based investing. John, thank you for joining us.

Hall Martin: And what changes do you expect to see in the coming 12 months, for example?

John Siverling: Yeah, so, I mean, I think we just see continued growth in this market. We're seeing, well, we are in this market pretty closely, we know a lot of the folks who are involved in

the broader ESG or impact investing space as well as in the faith align or faith based investing space. We're seeing lots of funds that are being formed in this market specifically, that have a specific focus on impact investing in a variety of different goals, whether it's healthcare, software as a service, educational technology, tech enabled services, there's a lot of different areas. But with each of these firms having some impact investing focus, so we're seeing lots of those funds that are being developed. We're also seeing a lot of – we're starting to see more second time funds that are going into the marketplace. So some of the pioneers in this space from, let's say, 10 or 12 years ago, have had some success in their first fund, and now they're coming back into the marketplace. So that's great to see, and that's a critical component to begin to build a track record for them as individual investment managers, but for the space itself as a total. So we're seeing some of that success coming around on the fun side, we're also seeing a lot more entrepreneurs and companies that are embracing kind of a mission of solving great problems, but also doing good things for those around them, whether it's the employees, whether it's the customers, whether it's the communities in which they reside. So you're seeing this momentum build, you're seeing more and more people talk about these issues and recognizing a more holistic view of how do you run a company, how do you invest in those companies and those entrepreneurs that are a part of that. It's something I think you're seeing more and more, and we see it more visibly in the bigger companies, the public or the privately held companies that are bigger, companies like a _____ and many other ones that are doing something like donating proceeds back into the marketplace. So you're seeing that change, and I think you see it a little bit through the kind of the millennial generation, and kind of taking a different approach to things. So I see that just continuing to accelerate as more and more of these people get some experience, more and more people have some success, and more people have a taste for what it's like to be kind of involved in the venture and impact investing space.

Hall Martin: Great. In the last few minutes that we have here, what else should we cover that we haven't?

John Siverling: I would just encourage entrepreneurs to stay focused on solving real problems to, again, kind of, maintain that passion for the work that they're doing. I remain grounded in it. I mean, we all know that, that entrepreneurial endeavors, startups, and even growing companies, there are so many risks, there are so many challenges. If you're not enjoying it, it's a little bit like being involved in sports. If you think of it as a business and no longer a game, it's really, really hard to have success at it. So I really do think that people need to remain grounded in what they're trying to do, remain grounded in having that positive impact, and creating positive impact goals, both externally, but also internally. It's common to get excited about the chase, about being the next unicorn out there, and that's great. But at the end of the day, as we all know, the financial success is a consequence of solving the real problem. So if we stay focused on the real problems, that's what happens. And I think LPs or investors into entrepreneurial endeavors see that. I think they're trying to find that in the people that they're investing into, because at the end of the day, you don't invest in a business model, you invest in the people. And there are so many more resources available, I think to help, especially across the board, including this network, but also in the faith based investing space, you have groups

like Practice Labs, Faith Driven Entrepreneur, Ambassador Investment Network, Impact Foundation, and so many others. So there's just a lot more resources available to help through the process, through the challenges of trying to start up or run an entrepreneurial company. So I would encourage, again, I would encourage people to keep doing it, it's the growth engine of the market here in the US, rapidly growing for profit businesses are the economic engine for us more than anything else. And so, I just would encourage people to continue to work hard at that, and to have some fun at it.

Hall Martin: Great. Well, I appreciate you sharing that with us today, and hope to have you back for a follow-up soon.

John Siverling: Great. Thank you.

[15:48] Our next guest is Endel Liias, Founder and Managing Principal at Nexus Impact Advisors. Nexus Impact Advisors is a boutique consultancy specializing in faith-driven impact investing. They work with a range of clients — from individual investors, angel networks, and family offices to foundations, non-profits, and investee companies — to increase the flow of capital from purpose-driven investors to high-impact organizations that create wealth, reduce poverty, and effect meaningful change. Endel, thank you for joining us.

Hall Martin: So what changes do you expect to see in this space in, say, the coming 12 months?

Endel Liias: I would say that, looking at the trends, I would foresee a continuation of those. And so, that's protected, perhaps not the most novel answer, but I think, since I've entered this space in 2013, in particular, even since 2015, I've really seen these trends continue, that is increasing demand, increasing supply, and I would say that these will continue to move forward. And my hope is that you'll see more foundations and endowments of faith based organizations that are big, that have serious capital to steward really starting to understand and think about their full endowment and how they can align that. But I also see a number of other products coming in the marketplace. As I mentioned, there's a couple of new faith based fund of funds, which are interesting. And so, I think that we're going to see a furtherance of the trends that we're already seeing over the next year.

Hall Martin: I want to thank you for joining us today, and hope to have you back for a follow-up soon.

Endel Liias: Thank you Hall, great to be with you.

[17:20] Our next guest is Jeff Shafer, CEO at CommonGood Capital. CommonGood is a financial services firm aligning capital with the values and goals of investors. They provide advisors a curated platform of private alternative investments that mobilize capital to generate competitive returns as well as meaningful impact in communities around the world. Jeff, thank you for joining us.

Hall Martin:-what changes do you expect to see in the coming 12 months in this space?

Jeff Shafer: Well, first of all, I think you'll continue to see more progress. I think you're going to hear more and more stories. I really believe that the way that investors start to grasp the power of capital is _____ one, doing it, and then two, hearing the stories of how it's working from a financial perspective, from a non-financial perspective. And so, I think you're going to continue see more and more stories, and I can give you plenty of stories – one of my deep passions is it's been men and women who are incarcerated. So recently, I've started investing the last year, year and a half, in business and entrepreneurs of men and women who are returning citizens-

Hall Martin: Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Jeff Shafer: Oh man, we could talk about faith driven investing, faith based investing for a long time. I mean, let me say from two sides, the first thing, I would say, is the faith driven, faith based side, historically, have been very strong on philanthropy and giving to churches, ministries, and whatnot. And so, to continue to unlock capital from that group, I think it'd be very significant to the world at large, and I'm hopeful that they will start to transition from not only giving to then also investing this way. So I'm very optimistic in that regard. The other thing I would say is, I think that the faith driven community, faith based investing, could also look outside of themselves and learn from others that maybe aren't, don't call themselves faith based investing; in that, they've got some wonderful examples of groups that are highly creative, highly innovative, and who are making a difference. And so, my calling is to figure out how do you get everybody rowing in the same boat, pushing the same way, yes, we may not agree on every little detail, but I think a lot of the basic stuff we can agree on, and people need housing, people need food, and so, how do we attack some of these biggest challenges. And the last thing I will say is, most of the world talks about impact investing, faith driven investing, and it's about like where the capital, how it's being deployed. Personally, my wife and I, as we've started to invest differently ourselves, the investing is changed. And if you go to the financial planning world, the traditional financial world, what do they tell you? Keep your emotions out of investing, keep your values out. Why? Because you're only going to make stupid mistakes. Well, and my belief is, I don't think you can keep your emotions and values out of investing, so why not embrace it. And so here's what happens – as we start to see our capital, that it is influencing others, and we look at ourselves as a steward of our capital, and the more you not only align your values, but figure out how that capital is impacting others, then you open your hands a little bit, and you loosen the grip, and that natural fear and greed that tends to grip us when we invest, can start to fade little, away a little bit; and as you start to see what it's doing not only for yourself, for others, there actually is, and this is where it's a little touchy feely, you actually can start to experience some joy, and some freedom around investing that for 20 somewhat years I never experienced.

Hall Martin: Great. Well, I want to thank you for joining us today, and hope to have you back for a follow-up soon.

Jeff Shafer: All right. Well, thank you. It's a pleasure spending time with you today.

[21:22] Our next guest is **Kenn Kelly, CEO at Never Settle. Never Settle is a global award-winning digital marketing agency helping businesses build a bigger story. They serve both enterprise and small businesses and develop impactful user experiences through technology and marketing solutions to help you build a bigger story that drives results for your business, all at a price you can afford. Kenn, thank you for joining us.**

Hall Martin: So what changes do you expect to see coming in the next 12 months in this space?

Kenn Kelly: The change with COVID, a lot of things have changed. I've seen some people be holding up capital. So I expect that based on the last few years that more capital will be released. But one of the big changes I see is people really reconsidering the way and the types of companies they are investing into. I feel like a lot of faith driven investment is shifting from it, having to invest into a, quote-unquote, Christian Company, to instead investing into people that are holding biblical values or enriching people's lives, whether or not they're a, quote-unquote, Christian Company publicly.

Hall Martin: Great. And what else should we cover that we haven't?

Kenn Kelly: In my view, all investing, all that comes down to stewardship. So it's not that we haven't covered it, but I think if I were to ever have a deep conversation on something, that's the thing I would want to dive into is investing is just, it's a very specific form of stewardship of finances. And so, I think having a really strong foundation on what stewardship looks like for the father's resources is kind of the best place to start and drive all investor conversations.

Hall Martin: Great. Thank you for joining us today, and hope to have you back for a follow-up soon.

Kenn Kelly: Thanks.

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