

IP Faith-based Investing Show 8

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 final Investor Perspectives episode 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. [Tony Long, Co-Founder and Managing Partner, CLX Ventures LLC \[01:12\]](#)
2. [David Simms, Managing Partner and Founder, Talanton \[03:59\]](#)
3. [Andrew Stoner, Chief Investment Officer, Paradiem LLC \[06:07\]](#)
4. [Wes Lyons, General Partner, Eagle Venture Fund \[07:56\]](#)
5. [Michael Arrieta, Founder and CEO, Garden City Companies \(startup\) \[11:23\]](#)
6. [Josh Wilson, Principal Broker and Owner, Kingdom Syndicate \[14:04\]](#)
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We hope you enjoy the show.

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[01:12] 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.

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

Tony Long: Well, I think, right now, we're faced with a couple of things that are headwinds, most notably, is inflation. So as we're building these warehouses and apartments, the price of steel, the price of lumber, it's been trending up, up, and up, and that's been a big headwind for us. But it's really labor supply chain and financial market distress – not distress, but financial market increase in interest rates, those aren't _____ are the three biggest things that we're seeing in the near future. We're still big believers in those two segments of the real estate industry over the long haul. If you were to do a regression analysis of the return profile of multifamily and industrial over, say, a 20, or even 30-year time period, the R square, the closeness of those returns through cycle, both down cycle and upcycle are very, very tight, they're probably in the 95 percentile plus of how closely correlated those two product lines are correlated. Now for totally different reasons, but they tend to perform very, very well through cycle. And again, that's really why my _____ focus on those areas.

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

Tony Long: Well, I'd just like to say that we do accept friends and family investment in our deals. And so, we typically look at a deal, you know, our typical deal is about an 18 to 22% IRR to our investors, and it produces a 1.6 to 2.0x multiple on invested capital. And so, we have tons of investors coming into our deals on the private side. We also do a fair amount of business with large institutions like Goldman Sachs, Principal life insurance company, and other life insurance companies and institutional investors. So we invite folks who are interested from family offices to give us a ring and look at our next offering memorandum.

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

Tony Long: Appreciate it. Thanks for having me on.

[03:59] 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.

Hall Martin: And then what changes do you expect to see in the coming 12 months in the faith-driven space?

David Simms: I think we're just going to see an extrapolation of what's going on in the last 12 to 18 months. That's a very rapidly increasing number of investors that are joining this space. We found a way that we can deploy charitable investment capital, we're seeing more and more, so people that have donor-advised funds or family foundations that want to invest that money wisely for impact, and they can therefore use tax-deductible dollars in those donor advised funds as a way to invest to create the kind of impact that we generate through Talanton. I see that trend continuing because there's so much money sitting out there in the sort of billions of dollars in family foundations and donor advised fund space now, that is looking for ways to be deployed differently than it's been done historically.

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

David Simms: Well, Hall, I'd encourage people that want to see their resources aligned with their values, to do some research, to find a great place to get started. We're not talking about investing all of people's resources, if they don't feel called to do that, but there are some great places out there like Faith Driven Investor, Faith Driven Entrepreneur, Praxis, where people can have the joy in experiencing how they can provide hope and joy by investing, not just donating. And I'd love to encourage your listeners to get started, if they've not already begun this journey. See what joy it brings them.

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

David Simms: Super. Thank you so much.

[06:07] 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.

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

Andrew Stoner: I think one of the things that we're starting to see is a lot of younger investors entering into – enter the investing game. I mean, we're seeing a huge trend, especially with the app creation of things like Robinhood and Stash, and similar apps out there that younger investors are getting involved in investing, and specifically, individual stock ownership. And a lot of these younger generations have this really strong desire to own companies that align with a particular value system, whether that's green companies, or, in our case, faith driven companies.

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

Andrew Stoner: Yeah, well, one of the things that I'd be excited to share with your audiences is something that we're actually launching as a company, mid to late 2022 is actually a subscription service that we're doing for people who are interested in owning individual stocks that are aligned with their faith-driven values, similar to that of like a Motley Fool or Investor's Business Daily. And so, really, _____ just love to share that with your audience and say, hey, just be looking out for that, something that we're excited to launch for people who are saying, hey, I love what you guys are talking about as far as faith or investing,

Hall Martin: Great. We'll include that in the program. I want to thank you for joining us today, and hope to have you back for a follow-up soon.

Andrew Stoner: Absolutely. Thank you so much, I appreciate it.

[07:56] 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.

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

Wes Lyons: I expect, when we look out in the coming 12 months, we see a rapid growth in the highest impact firms that can really measurably show impact and profit. We really see people are getting, rather than just generally, I think it was a novel idea two or three years ago to have an impact that a dollar could also have impact. Now we're moving to a phase where we're really looking at a cause, like impact based funds that are based around causes and locations and getting more specific, and can truly show their impact in measurable ways.

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

Wes Lyons: If, I would say, I think the – in the marketplace, there's a lot of people that are talking about this idea of integrating both impact and profit. And I would say, it's very exciting, but great _____ in investing is difficult, it's not just – there have been some bad runs at it, and it's not just add some faith where you've got a solution. It's not just take what you were doing, and add some negative betting. It's really hard to produce amazing impact and amazing returns. And for most people that takes, it's a real skill set that takes specific training, so I encourage folks that are really diving in to find cohorts like Faith Driven Investor has cohorts of investors coming together and learning together to join one of those or some Kingdom advisors Are specializing in Faith Driven Investor, getting an advisor who specializes in faith driven investing, or somehow finding a cohort of folks who are also doing this. There's a ton of lessons learned, and a cadre of folks that are developing who have done it and are doing it well. But it's not meant to be a road that's run alone. Faith Driven Investor is probably the great place to start from all the resources they have, Kingdom Advisors, Make Your Money Count and Rachel McDonough has pulled together a fair amount of resources as well. But I would say, find a cohort, run together, and it's not a journey that's meant to be run alone.

I think, that I can share briefly about kind of more completely about what WayMaker is doing, WayMaker Real Estate was founded around the group called Apartment Life as a ministry that's been going for 21 years, and what they do is an apartment owner of a community that might have 300 homes in their community concedes the unit for free to usually a couple; and that couple comes in and works together with the operations team to greet and hold parties and kind of be the mom and pop for the community. And that's been really successful from two perspectives, one from a ministry model, Apartment Life's goal is to share the love of Jesus. But 21 years later, their 10-year study is now showing that when these teams called _____ teams come into an apartment community, that, on average, they're adding millions of dollars of equity value. And very simply that is because people-people stay where they have friends.

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

Wes Lyons: Thank you.

[11:23] 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.

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

Michael Arrieta: Probably a lot more entrepreneurs that are seeing how they could integrate their personal beliefs into business, right? So my partner, for example, his faith is extremely important to him, and he always felt out of whack a little bit, a little unlevelled in regards to his faith mattered so much to him, and it mattered so much to him at nights and on the weekends

and at church and everything else of that sort. However, when he went into his actual marketplace, right, Monday through Friday, it was almost as though everything they were doing was all through this lens of people are expendable, it's all about the finances, they're just a cog in the wheel, how can we pay people less, how can we make more, how can we put more debt on the business, right, how can we buy and flip it. So it really did not align to what he believed was thriving for people, right? They were more in the finance business, not in the people business. So I see a lot more people like my partner saying, I want to go either join a faith driven space, or I want to go launch a company that is driven by my faith, my values. We're also seeing it in the public markets, there's a lot of mutual funds and ETFs are saying, we're only going to invest in companies that are maybe non-tobacco, right, or non-alcohol or non – that they're not involved with gambling and things of that sort, that are saying, I believe, these sort of companies honor God. Right?

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

Michael Arrieta: I think that people don't necessarily need to go into a faith driven space, just because their faith is important to them. I think that 99% of people who their faith is extremely important to them, can make just as big of an impact in their business anywhere that they are. So I would just like to encourage anyone that's listening to this, if you feel challenged and you feel like, wow, my faith matters so much to me, yet I'm working at Morgan Stanley or I'm working at a tech firm or a venture firm, you don't necessarily need to leave to join a, quote-unquote, Garden City, that is faith based, you could actually just be motivated by your faith to make a difference in your environment, which is probably just as big or bigger of an impact.

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

Michael Arrieta: Thanks Hall, appreciate it.

[14:04] 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.

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

Josh Wilson: So I'm starting to see a lot more people getting fed up with what's going on in the world, and in looking at, especially here in America of freedoms being challenged, belief

systems being like challenged, like, our ability of what we could say, what we can't say, what we could believe, what we cannot believe, right? So I see in the next 12 months, I see that there's going to be a lot more boldness that is going to be needed from people on their belief systems of saying that this is what I believe, and there's going to be an attack from the canceled culture of, if I say, hey, I believe in God, oh Josh is canceled. What! You know, like, you could believe in whatever you want, but I can't say I believe. So I think that there's going to be – I think that there's going to be challenges. I think that there's going to be conflict. And like, I think that there's healthy ways to do this, but I don't expect that from certain groups or certain places.

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

Josh Wilson: I think, the call to action for Christians, right, so if we are calling a Christian based investment group, or a Christian based investors, like, look at where your dollars are going now, where are you putting your money. The Bible says, like, what our treasures are, like, where are you storing up treasures, where are you investing, do you even know where your investment money is going, like, are they aligned with your core values, what if you were investing in something that didn't align up with your core values, like, you're just eating things that aren't helpful. So I would say, man, my – I think that's something that investors and Christian leaders should do is, is go what do I believe in, and then, back it by your money. Right? That's the challenge out there for you Christian guys that _____ put your money where your belief system is. Go for it.

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

Josh Wilson: Awesome, man. Thanks for having me. It's just cool what you're doing. Keep it up.

[16:29] 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.

Hall Martin: And so, what changes do you expect to see in this space, in say, the coming 12 to 24 months?

Bill Wichterman: Growing community I think in a way that wasn't true, necessarily, 10 years ago – I mean, I know you've been doing it Hall, but this networking effect that's happening, I actually think COVID has been net positive in this space, because it's often difficult to find local angel investors, and now there's no need. So some of our other investors with whom we work, I'm not even sure what state they're in, I just know they are, you know, how to reach them on Zoom. And so, we, that sense of being able to draw community nationally and internationally, I

think is continue to increase, because this is a rarefied field, and there's a lot of people who understand public markets who don't understand this space at all, and I think coming in with other people who have done it, experienced it, or in it right now, and having community with those people, and especially in my space and adding this with a faith based dimension, I think it makes a huge difference. And we keep learning from one another, learning from one another's mistakes, so I think that's going to continue to increase exponentially. And when you look at the untapped capital out there, as in, Hall, you know this story very well, you put all the capital in the country, the philanthropic is like a tiny fingernail on that. And then when you look at the investable capital, it's huge. And so, the opportunity to use our 401(k)s, or IRAs, or self-directed IRAs, or just our normal non-retirement portfolio for impact investing, the growth potential is enormous.

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

Bill Wichterman: It's an exciting area, I think it's an area which has been too long neglected, not so that people here before didn't think about the important role of capital and that they were indifferent to what they were investing in, but I think there's a heightened sensitivity to it, I think in the kind of in the mainstream culture ESG has really sensitized people to this. And obviously, we can have, depending upon our worldview, what ESG looks like can be vastly different. And so, I think Christians, in particular, are trying to think, make sure that what they're doing with their capital aligns with their Christian worldview, and I think, it's an exciting growth industry that has the possibility to really have powerful impact in the whole world.

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

Bill Wichterman: Thanks, Hall.

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