

Equality

A \$24 Billion Fund Puts Its Religious Stamp on Corporate America

Faith-based investors are attracting more money and flexing their shareholder muscles for conservative causes.

by [Jeff Green](#) and [Saijel Kishan](#)
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Jim Lake, a devout Christian in Washington state, said his religious beliefs have always made him opposed to practices such as abortion, transgender transitions or embryonic stem cell research. But until this past year, it didn't cross the retiree's mind that he could put his money to work with his faith.

A financial adviser switched Lake's portfolio over to a handful of faith-friendly funds, one of which was run by GuideStone Funds, a 106-year-old investment firm in Texas that oversees some \$24 billion in assets. The company caters to Southern Baptist retirees and, increasingly, newly active faith-based investors such as Lake and his wife.

GuideStone is part of a nascent coalition of conservative Christian investors that are starting to flex their muscles and use their shareholder clout to counter progressive corporate policies such as funding Pride parades or covering employees' travel costs for abortions. They're also zeroing in on banks for allegedly closing customer accounts on political and religious grounds.

By some measures, there's now half a trillion dollars in investments spread across conservative faith-based private funds and state pension funds that can be brought to bear to influence company behavior, said Will Lofland, who oversees shareholder advocacy at GuideStone. The loose confederation includes Inspire Investing, the biggest faith-based exchange-traded fund manager; Republican state treasurers and teacher pension funds; and Alliance Defending Freedom, an influential conservative legal group.

As they attract more money, members of the coalition are meeting with corporate executives and filing shareholder proposals. They've had limited success so far, yet aim to build their bloc of supporters and target more companies this year, Lofland said.

The investors "want to honor the Lord with all of their resources," he said. "They want their dollars being invested in what they believe is the God-honoring way."

Religious investing has been around for decades, often with a focus on more liberal issues such as worker rights and climate change. But funds such as GuideStone have been embold-



A conference room referencing Psalm 78:72 at GuideStone's office in Dallas. Photographer: Desiree Rios/Bloomberg

ened by the rightward shift of US politics and the wave of conservative activists and lawyers who have already pushed companies to curtail or end programs that support diversity, equity and inclusion efforts. Many point to anti-DEI activist Robby Starbuck, a non-denominational Christian, and his success in getting companies such as Walmart Inc., Toyota Motor Corp. and Harley-Davidson Inc. to backtrack on initiatives – particularly those related to LGBTQ causes.

Among everyday investors, there is growing interest in religious-based funds, said Tim Macready, head of global multi asset investing at Brightlight, which advises investors on faith-based portfolios.

Assets in faith-friendly ETFs and mutual funds exceeded \$100 billion for the first time last year, according to annual study conducted by the firm. That's up from \$72 billion in 2020. The analysis, compiled from 27 faith-based asset managers, likely captures only a portion of the activity. The full universe could range from \$200 billion to \$500 billion, Macready said. Net inflows have been 12% over the last three years, he said.

One broker-dealer went from 200 advisers working with GuideStone in 2021 to more than 2,000 now, Lofland said. Inspire said it had net



Jim Lake. Photographer: Margaret Albaugh/Bloomberg

new assets of \$334 million last year. Its biggest ETF, Inspire 100, returned 11.5% last year excluding reinvested dividends, underperforming the S&P 500's 23% gain.

GuideStone's biggest fund, the GuideStone Equity Index Fund, gained 20% last year, slightly underperforming the S&P 500 Index.

Lake, a 64-year-old resident of Nine Mile

Falls, Washington, invested with GuideStone after being introduced to an adviser whose sole practice is working with people investing in faith-friendly funds.

"It really opened up my eyes to the ability to remain faith-friendly and at the same time, be competitive," Lake said.

Building a Bloc

GuideStone operates out of a nondescript office building overlooking a freeway in northern Dallas, and maintained such a low profile that Lofland said he didn't know about the funds until he applied to work there. The firm mainly manages pension investments for Baptist churches, yet Lofland saw an opportunity to become more active.

Shareholder proposals from progressive groups, some pushing ideas such as transgender benefits contrary to the church's values, started to proliferate a few years ago and GuideStone wasn't voting its shares to oppose such measures, Lofland said. He decided to take control of how GuideStone voted on the shares it owns in companies rather than relying on outside advisers.

One of the investor's first efforts was in late 2023, when it backed a shareholder proposal from a conservative group asking Microsoft Corp. to report on compensation and benefit gaps across genders as the company addressed reproductive and gender dysphoria care. The resolution won only 1% of votes. (Bloomberg Intelligence says overall support for conservative proposals at US companies is only about 2%.)

Lofland says that's why the religious funds need to build a bigger group of supporters, particularly from pension funds from conservative states. Such investors have already done some agitating of their own: Last year, finance officials from 15 states signed a letter to Fortune 1000 companies in support of ending DEI programs. Collectively, they managed about \$590 billion, according to US Census data.

That type of firepower is needed to counter efforts that have strong progressive backing. In July, New York City Comptroller Brad Lander urged five large retailers, including Walmart and Costco Wholesale Corp., to dispense abortion pills. City funds controlled \$1.3 billion in shares of those companies, he said. A coalition of conservatives and religious investors, including Inspire and GuideStone, responded with their own letter the following month saying offering the pill would add risk, but only represented \$172 million in shares of those retailers.

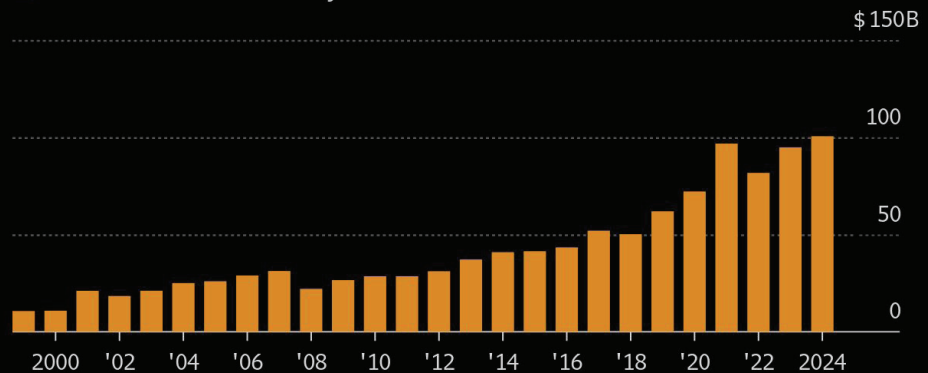
Lofland said GuideStone's first initiative in 2025 will be to press a financial firm regarding the practice of debanking – the closure of customer accounts that are deemed by lenders to pose legal or reputational risks. He declined to name the bank.

GuideStone had previously supported other group's efforts to pressure JPMorgan Chase & Co. after the lender was accused of improperly

Investment in Religious Funds is Rising

Assets in faith-friendly ETFs and mutual funds

■ Total Assets in Faith-Friendly funds



Source: Brightlight

Note: 2024 is through June

Bloomberg

closing accounts for the nonprofit National Committee for Religious Freedom. Michael Fusco, a spokesman for the bank, said "we have never and would never close an account for political or religious reasons, period."

Lawsuits, Proxy Votes

Inspire Investing and Knights of Columbus are among other faith-based investors working to influence corporate behavior.

Inspire joined a 2023 lawsuit filed by a group run by Trump advisor Stephen Miller against Target Corp. that accuses the retailer of costing investors billions of dollars after its sale of LGBTQ merchandise led to a consumer boycott. Last month, a federal judge denied a motion to dismiss the case and change its venue out of Florida. Target, which in response cut LGBTQ-themed products from some of its stores, declined to comment.

Inspire, which oversees about \$3.2 billion, last year filed almost two dozen shareholder resolutions over DEI topics. It plans to file more in 2025.

"As stewards of what we believe are God's dollars, it's our job to speak Biblical truth to corporate power," said Robert Netzly, founder of the Meridian, Idaho-based investment firm.

Knights of Columbus is working to develop proxy voting rules that follow guidelines established by the United States Conference of Catholic Bishops, said Anthony Minopoli, president and chief investment officer of Knights of Columbus Asset Advisors, which manages about \$28 billion. The group is partnering with the Busch School of Business at the Catholic University of America on the effort, which aims to get Catholic dioceses to adopt the guidelines to ensure they are voting based on the beliefs of the church.



Will Lofland Photographer: Desiree Rios/Bloomberg

The group also will likely engage with companies on topics ranging from abortion to the manufacture of land mines and cluster bombs, which violate church values as set forward by USCCB, Minopoli said.

Even if the coalitions of conservative and religious groups don't get strong shareholder support for their proposals, they will likely succeed in swaying corporate executives, according to Amelia Miazad, an acting law professor at University of California, Davis who is researching a project on faith-based investors. She likened the efforts to the backlash to environmental, social and governance strategies, which has seen asset management giants including BlackRock Inc. cut the number of new funds with that mandate.

"If success means silencing corporate speech on environmental and social issues, then these investors will be as successful as the anti-ESG movement has been," she said.