



Religious Conservative Investing Strategies



Fairfax Global Value Stock Strategy **Fairfax Global Value Stock Balanced Strategy**

By
Paul Dietrich
Fairfax Global Markets LLC

INVESTMENT OPTIONS FOR RELIGIOUS & SOCIAL CONSERVATIVES

Almost every financial advisor has talked to a client or a potential prospect who has asked if they could make sure their investments would reflect their deeply held religious or conservative political beliefs.

In an ideal world, most investors would prefer to see their investments mirror their personal religious or political values.

INVESTMENTS THAT REFLECT A CLIENT'S VALUES

Many investors try to express their faith-based values in everyday life with their family, their community, their church, and through their politics. They would also like to have their values represented in the way they invest their money.

A fundamental principal of investment stewardship today is the idea that investment dollars can be a reflection of one's personal values — removing money from those businesses that are offensive to one's values, while leveraging that same money for the benefit of businesses and organizations that reflect a person's values.

Here is the bottom line for most conservative investors. Unless a client specifies otherwise, their money will likely find its way into many organizations that provide services or support to businesses that may be offensive to their values—such as:

- Abortion
- Pornography
- Alcohol
- Tobacco
- Gambling



For example, according to research provided by MoneyAndValues.com, almost 42% of the money invested in one of today's most popular mutual funds, is used to purchase stock in companies that are involved in the abortion, pornography, gambling, tobacco, and alcohol industries.

Today, there are a large number of investment options available for politically liberal investors. Incorporating progressive liberal political issues into investment management is commonly referred to as "SOCIALLY RESPONSIBLE INVESTING."

For conservative people of faith and politics, who support conservative social and religious values, there are fewer investment options available that allow them to attempt to reach their personal financial goals, while at the same time supporting their personal values.

Investment management options specifically developed for religious and political conservatives are often referred to as "VALUES-BASED INVESTING."

WHAT IS THE POTENTIAL MARKET FOR RELIGIOUS CONSERVATIVE VALUES-BASED INVESTING?

According to various 2012 U.S. demographic sources, there were approximately 50 million Evangelical Christians, 6.1 million Mormons, 1.1 million Orthodox Christians, and over 6 million conservative Lutherans and 23 million conservative Catholics in the United States. That is a total of over 86 million potential American investors. Because most religious and political conservatives tend to be older individuals, they are a key retirement demographic for many investment advisors.

THE ARGUMENTS AGAINST SCREENING INVESTMENTS BASED ON RELIGIOUS, POLITICAL OR SOCIAL CRITERIA.

A number of academic studies have shown that both liberal Socially Responsible Investing portfolios and conservative Values-Based Investing portfolios can often underperform the overall stock market.

This is true—BUT IT IS ONLY PARTIALLY TRUE.

The overall stock market is generally measured by the performance of the Dow Jones Industrial Average Index or the S&P 500 Index. Both of these major indexes largely measure the performance of the largest companies in America.

Liberal Socially Responsible Investing screens generally choose not to invest in large oil companies, chemical companies, utilities, mining companies, food companies, tobacco companies or other companies that pollute or hire foreign or non-union workers.





This screening process eliminates many of the largest U.S. companies and sectors.

Conservative Values-Based Investing screens generally choose not to invest in large pharmaceutical companies, entertainment companies, alcohol and tobacco companies and large companies that make major charitable or political contributions to Planned Parenthood and other abortion rights groups. This screening process also eliminates many of the largest U.S. companies.

VALUES-BASED INVESTING IS A MID-CAP AND SMALL CAP STRATEGY

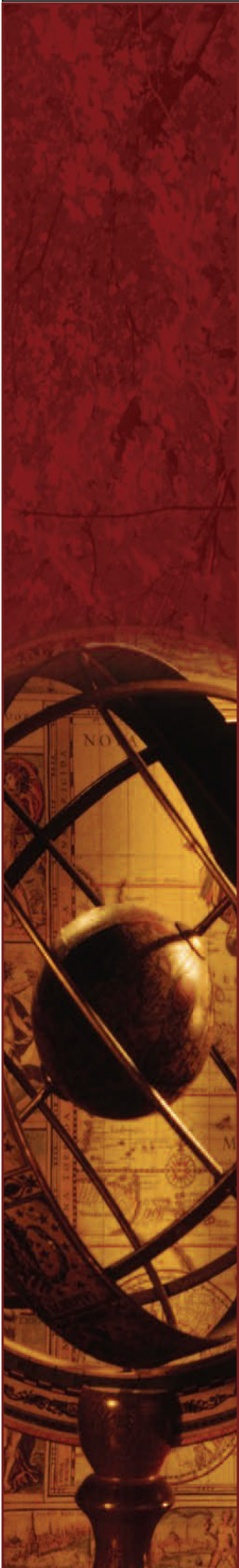
Because so many of America's largest companies are screened out of Values-Based Investing portfolios, conservative investors must understand that this, by necessity, is a largely mid-cap and small cap investment strategy.

It is more appropriate for advisors to compare these investment strategies to the Russell 2000 Index or the S&P mid-cap and small cap indexes.

Advisors should also inform potential clients of Values-Based Investing strategies that when large cap stocks outperform small cap and mid-cap stocks, Values-Based Investing strategies will generally UNDERPERFORM the broad stock market as measured by the Dow Jones Industrial Average and the S&P 500 Indexes.

HOW DOES VALUES-BASED INVESTING WORK?

Values-Based Investing is a screening process that specifically seeks out companies that respect human life and support traditional family values, while avoiding industries and activities that do not manufacture, sell or promote pornography, gambling, alcohol and tobacco production.





Values-Based Investing Screens

There are a number of independent, third party screening services that provide investment screening for Values-Based Investing.

Below are the most commonly used screening parameters for Values-Based Investing portfolios used by independent third-party screening services. The following screens apply to all publicly traded companies and their majority (51% and greater) owned subsidiaries both domestic and international.

PORNOGRAPHY

PORNOGRAPHY SCREEN PARAMETERS:

- Any company that produces pornographic material in any format including film, paper or electronic.
- Any company operating an adult cabaret business.

ABORTION

ABORTION SCREEN PARAMETERS:

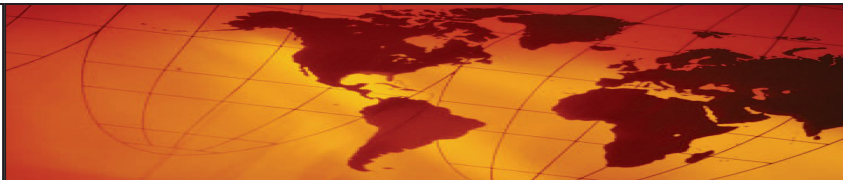
- Any company involved in the development, manufacture and/or distribution of abortifacients.
- Any company involved in the development, manufacture and/or distribution of contraceptives that can function as an abortifacient.
- Any company that owns and/or operates acute care hospitals and/or surgical centers where elective abortions are performed.
- Any company that has made major or significant contributions to Planned Parenthood in any of the past five years. Planned Parenthood, with 164 affiliates operating 915 clinics, is the largest abortion provider in the United States. Although not all clinics perform abortions, all refer and counsel for them.

ALCOHOL

ALCOHOL SCREEN PARAMETERS: (All screen parameters apply to publicly traded companies whose primary business (50%+ of Sales) is related to Alcohol)

- Alcohol Beverage Producers
- Alcohol Beverage Wholesale Distributors

(Publicly held firms that supply alcohol companies with flavorings, chemical additives, packaging, or other products used in the production of consumer alcohol products are not included in this report. Companies involved in supplying grain, malt and other such products used in the production of beverage alcohol also are not included, nor are firms that supply general business services or products, such as office supplies. Companies providing advertising services are also not included. In contrast with Tobacco, the grains used in the production of beverage alcohol are used in a variety of other significant ways other than alcohol production.)



GAMBLING

GAMBLING SCREEN PARAMETERS: (All screen parameters apply to publicly traded companies whose primary business (50%+ of Sales) is related to Gambling.)

- Casinos
- Lotteries
- Pari-Mutuel Wagering
- Manufacture and/or distribute commercial gambling equipment and/or paraphernalia.
- Internet Gambling

(Companies involved in supplying food and beverages are not included, nor are firms that supply general business services or products, such as office supplies. Companies providing advertising services are also not included.)

PAUL DIETRICH, CEO of FAIRFAX GLOBAL MARKETS LLC
has managed the **FAIRFAX RELIGIOUS CONSERVATIVE STRATEGY**
for over 10 years. *

The **FAIRFAX RELIGIOUS CONSERVATIVE STRATEGY** is available on
the following platforms or as a separately managed account through the
following broker dealers:

UNIFIED INVESTMENT PLATFORMS:
FOLIO INSTITUTIONAL
TRUST COMPANY OF AMERICA

For more information on the
FAIRFAX RELIGIOUS CONSERVATIVE STRATEGY
please contact Paul Dietrich at **PDietrich@Fairfax-Global.com**
or call at **540 905 5858**.

* Please refer to the Disclosures on the attached pages for additional information. Fairfax makes no implied or express recommendations regarding the providers herein. Please refer to www.Fairfax-Global.com for additional information.