Principled Reasoning™

An Investment Decision-Making Framework

Ronald Blue & Co.
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Note: This presentation is intended for informational purposes only, and it is not intended as specific financial planning, investment, or business consulting advice for any individual or business organization. This document is written to be modular. Each component can be read as a whole, or individually, depending on desired learning. All investments are subject to risk and any of Ronald Blue & Co.’s strategies may lose money.
FOR NEARLY 35 YEARS, Ronald Blue & Co. has helped thousands of clients seek to achieve financial peace of mind and meet their financial goals by applying technical expertise and biblical principles. After the 2008 financial crisis, concerns over slow economic growth, fiscal deficits, and unprecedented central bank monetary policy highlighted the need for an investment decision-making process that helps to create financial peace of mind and assists in meeting clients’ financial goals in this new economic environment. As a result, we saw an opportunity to integrate our principles more systematically into our investment process with the goal of building more resilient investment portfolios. This pioneering effort resulted in an investment framework known as Principled Reasoning™.

Principled Reasoning is an investment decision-making framework that combines a deep understanding of timeless biblical truths, sound knowledge of economies and investments, rigorous global research, and an in-depth evaluation of risk dynamics. This framework is the underlying philosophy which guides decisions and from which investment processes are developed (see Investment Portfolio Optimization section). The primary objective of Principled Reasoning and the investment process is to better meet investors’ financial goals.

Principled Reasoning is not meant to disprove any investment theory, represent an exhaustive exploration of finance in the Bible, or endorse a political view.
Principle of Applied Wisdom – Foundation of Principled Reasoning

- The world is uncertain but not chaotic.
- Reasonable decisions can reduce exposure to high-risk environments.
- We believe applying wisdom principles can improve the chance of successful outcomes.

We believe the Bible is the source of truth and that God’s word transcends time and circumstance. As such, we believe that investment success can be enhanced by adherence to the economic and investment principles found in Scripture. The Principle of Applied Wisdom, along with the other five Core Principles, provides a framework for how to invest in a manner that seeks opportunistic returns, while addressing the risks associated with investing.

Principle of Uncertainty – Why Saving and Investment Are Important

- The future is uncertain.
- Provision against uncertainty is the reason to plan, save and invest.

God created humans with all of the abilities and skills needed to steward the world’s resources. He then placed us in the perfect environment to do so. But, the “Fall” of mankind changed everything—giving birth to an unstable environment that does not work in the manner God intended. Because sin entered our world, we must live with uncertainty, not knowing what the future holds. As it relates to Principled Reasoning, the Principle of Uncertainty is the most important reality we must accept. Because of the uncertainty resulting from the Fall, it is prudent for people to save a reasonable amount of resources for their future provision. This is the primary reason to save and invest. The goal is not to accumulate so much that we transfer our hope to our riches, but to prudently save and invest to provide for others and ourselves.

Principle of Human Productivity – How Wealth Is Created

- Productivity results from the combination of human creativity and natural resources.
- Wealth is the result of human productivity.

The Principle of Human Productivity begins with an understanding that God created us to be productive. We know this is true since the concept of work was part of God’s perfect design from the beginning, even before sin entered the world in the Garden of Eden. “The Lord God took the man and put him in the Garden of Eden to work it and take care of it.” (Genesis 2:15) Humans were not created to be idle. By creating us “in his own image,” God’s desire was for us to use our creative and productive attributes to steward the earth’s natural resources. Even after sin caused work to be hard, our God-given attributes of productivity and creativity are still the source of growth. This principle is important to investing since wealth is more likely to be created where there is growth, and economic growth is higher in environments where human productivity is supported and promoted.
Principle of Leadership and Governance – Where Wealth Is Created

- The manner in which leaders (of governments, corporations, etc.) govern significantly influences the productivity of the people they lead.
- Environments with greater civil and economic freedom tend to provide more fertile ground for investment due to increased human productivity.

The Principle of Leadership and Governance states that the manner in which people are led and governed greatly influences their creativity and productivity levels. The desire for power causes some leaders to hoard resources in an effort to maintain control. This creates a dependent society marked by lower productivity, smaller private capital bases, and possibly even an unstable currency. These factors are likely to decrease long-term returns and increase the possibility of default.

We believe that environments which incent people to be productive will create more wealth over the long-term than environments which promote dependency. We believe those who lead with integrity (are honest in their dealings, faithful in their stewardship, and selfless in their execution of just governance) produce better long-term outcomes than those who don’t. We believe leaders who decentralize resources and relinquish control stimulate higher creativity and productivity, larger private capital bases, and a stronger currency.

It is critical to identify the opportunities where good leadership and governance are likely to provide the levels of growth and resulting investment returns necessary to meet clients’ objectives. We believe that investing capital in those nations and companies whose leaders act with integrity and relinquish control of resources creates investment opportunities with lower risks and higher return potential.

Principle of Inherent Value – How to Identify Opportunities

- Investors and markets are not always rational.
- Eagerness for gain, or fear of loss, can drive investors into bubbles, or crashes.
- Opportunities and risks can be identified using a disciplined valuation process to determine an investment’s inherent value.

Investment prices often do not reflect their true or intrinsic value in the short term. This can happen due to greed (which causes prices to be inflated) or fear (which causes prices to be deflated). Emotions of both investors and markets are volatile and subject to exaggeration. An intelligent process that analyzes an investment’s growth rate compared to its current price can help calculate opportunities and risks. This principle is known as the Principle of Inherent Value.

When purchasing investments, it is not enough to know how and where wealth is created. It’s also critical to look at valuation levels for each asset class to help determine what to buy and sell. Because overpricing greatly limits the opportunity for future performance growth, assets must be purchased at reasonable prices.
Principle of Instability – How to Manage Risk

- Markets and economies are not stable.
- Due to instability, provisions against uncertainty may fail.
- Diversification and appropriate allocations of wealth help manage risk.

Understanding present risks is an important step in making wise investment decisions. As discussed with the Principle of Human Productivity, the concept of risk originated with the “Fall” of mankind in the Garden of Eden. Through scarcity, access to resources like food became less stable. Despite man’s best efforts, even a well-planned execution does not always lead to a plentiful “harvest.” Thieves might steal, food could spoil, and markets sometimes crash. Because of sin, risk can never be completely avoided. This is the Principle of Instability.

Examples of investment risks include concentrated positions of wealth, incorrect valuations, and currency devaluations, to name a few. Diversification is the most effective way to reduce risk within investment portfolios.

Principled Reasoning™ Summary

Investors should ask themselves, “What does investment success look like?” To answer this, certain factors like appropriate risk tolerance and time-horizon requirements of the invested assets (when the money is needed) must be considered. But, for all investors, the answer to this question should result in financial peace of mind and eventual attainment of goals.

Today, investing well is more challenging than ever. Instant access to information and the overwhelming number of investment choices create an anxiety that both jeopardizes investors’ ability to achieve financial goals and peace of mind. Our Principled Reasoning approach to investment decision-making seeks to alleviate this financial anxiety to help meet investors’ return goals by adhering to our six Core Principles. It is the application of wisdom (Principle of Applied Wisdom) that allows us to understand why we need to save and invest (Principle of Uncertainty), how wealth is created (Principle of Human Productivity), where wealth is created (Principle of Leadership and Governance), how to find opportunities (Principle of Inherent Value), and how to manage risk (Principle of Instability). The principles provide the context to evaluate factors that ultimately contribute to investment results: economic growth, inflation, and valuation.

While this process frames how we make investment decisions, we understand that our hope must remain in God, who controls all outcomes. Our responsibility is to be faithful stewards, and we believe that following the Six Core Principles found in Principled Reasoning is an integral part of honoring that commitment.
Application
of Principled Reasoning™
The overriding objective of the investment management service of Ronald Blue & Co. is to help investors accomplish their financial goals by wisely managing their wealth and seeking to increase their financial peace of mind. In looking at investments, we understand the investment plan supports one’s personal financial plan. Through Principled Reasoning™, our objective is to assist clients in making wise investments with a more holistic view of their financial picture, helping to protect, maintain, and enhance their lifestyle. Our asset management solution is founded on how to allocate assets and optimize the portfolios to meet future needs and to protect against current risk.

**Questions and steps every investor should evaluate before investing:**

1) What are my future goals?
2) When will I need to have the resources to meet these goals?
3) How much money will it take to finance these future goals?
4) What investment tools and rates of return are there to choose from?

<table>
<thead>
<tr>
<th>List of Goals</th>
<th>Short-term (1-2 years) $ Preservation</th>
<th>Intermediate-term (3-9 years) 0-4% Real Return</th>
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<tr>
<td>Car Purchase</td>
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<td>College Educations</td>
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<td>Time-Based Portfolios</td>
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<td>$575,000</td>
<td>$450,000</td>
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<tr>
<td>Primary Tools</td>
<td>Cash/Short-term Bonds</td>
<td>Bonds</td>
<td>Stocks</td>
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Steps 1-3, establish different time horizons, along with specific return goals, to align asset classes with future needs.


» Match a client’s time-based needs with the maturity of specific asset classes.
» Make adjustments to portfolios based on meeting time horizon performance objectives.
» **Note:** It’s important not to focus on short-term market movements when designing a long-term portfolio.
Step 4, based on the time horizons and risk and return goals, allocate investments into specifically designed portfolios – Short, Intermediate and Long Term Portfolios.


Generally, there are three major asset classes which make up the portfolio mix:

» Stocks. Because of the intrinsic nature of these investments, the greatest potential return comes through stocks (ownership). Private ownership and entrepreneurship are the great wealth creators, as ownership leads to profit potential. However, private owners bear the most risk of loss of capital. More mature companies are generally publicly traded and possess less potential return and less risk of loss of capital. Stock ownership is most appropriate for long-term time horizons of 10 years or longer.

» Bonds. After stocks, bonds (lending) offer the next best opportunity for return. Lending bears some risk of loss of capital due to default and diluted returns during periods of growing inflation. The length of the term and dependability of the issuer determine a loan’s rate. Most appropriate for five-year time periods.

» Commodities. Generally, these assets (gold, silver, oil, raw materials, etc.) provide a return over long periods of time at the rate of inflation. When mismatches between supply and demand, times of economic instability, or inflation exist, this asset class can grow due to money flows out of stocks and bonds.

» Note: Cash is also a short-term debt instrument mainly used for periods up to two-years.

Step 5, Ronald Blue & Co. diversifies to optimize each portfolio to meet the client’s objectives.


» Structure a portfolio’s core holdings across broadly diversified investments that reflect nations who emphasize economic productivity.

» Avoid concentrated holdings in any country, company, or industry sector.

» Test the portfolio holdings to see if valuation and growth outlooks are capable of accomplishing objectives over different time horizons.

» Make sure the portfolio models are accomplishing a realistic growth goal in a diversified portfolio.

» Focus on meeting long-term (real) return goals and not on beating (relative) return benchmarks in the short-term.
As stated earlier, each of our Core Principles is woven into our investment decision-making process. Short-term portfolios are focused on managing volatility, whereas the longer-term portfolios are focused on maximizing growth. Portfolios are based on transparency, liquidity, and predictability. This exposure is the driving force behind our investment decisions and portfolio make-up.

### Step One
- **Economic Analysis**
  - Human Productivity, Leadership & Governance

### Step Two
- **Scenario Analysis**
  - Uncertainty Instability

### Step Three
- **Valuation**
  - Inherent Value

### Step Four
- **Investment Selection**
  - Applied Wisdom

### Step Five
- **Optimization**
  - Applied Wisdom Instability

### Step Six
- **Evaluation**
  - Applied Wisdom

#### Time-Based Client Portfolios*

<table>
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<th>SHORT TERM</th>
<th>INTERMEDIATE</th>
<th>LONG TERM</th>
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| *pie charts for illustration purposes only*

**Step one, we conduct a global economic analysis to identify where wealth is being created.**


- **Process:**
  1. Analyze global economic conditions from backward, current, and forward-looking perspectives to better understand the state of human productivity and leadership and governance. Specifically, evaluate on a regional basis how the fiscal, monetary, and regulatory environments could impact growth and inflation.
  2. Backward: observe historical long-term averages and recent history.
  4. Forward: survey specific industries along with Ronald Blue & Co.’s risk assessment for each geographical region.
Step two, we conduct a scenario analysis to better manage risk.
• Process:
  1. Estimate the probability and magnitude of the boundaries of economic outcomes from both a backward and forward-looking perspective.
  2. Compute a weighted average expected outcome for growth and inflation based on estimated probabilities and magnitudes.

Step three, we evaluate the asset classes to identify opportunities.
• Process:
  1. Identify the relationship between economics and asset class returns, i.e., growth and inflation, Fed balance sheet and money supply.
  2. Estimate the expected range of returns forecast for each class based on the boundaries of economic outcomes combined with current valuations.

Step four, we select investments to get the right exposure.
• Process:
  1. Match asset classes to the appropriate time-based portfolio according to real return objectives and investment time frame.
  2. Research and identify investment vehicles for each asset class that manage risk and return according to the Principled Reasoning framework.

Step five, we optimize the portfolio to build for optimum exposure.
• Process:
  1. Compile the Investment Policy Committee (IPC) metrics to monitor the investment strategy policy, performance, and philosophy adherence.
  2. Combine IPC policy with asset class return forecasts to construct diversified time-based portfolios that are designed to meet investor goals.

In the final step, we evaluate the successfulness of the process.
Appendix
## Six Core Principles Summary

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<th>Principle of Uncertainty</th>
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<td><strong>The Foundation to Principled Reasoning</strong></td>
<td><strong>Why Saving and Investing is Important</strong></td>
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<tr>
<td>• The world is uncertain but not chaotic.</td>
<td>• The future is uncertain.</td>
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<tr>
<td>• Reasonable decisions can reduce exposure to high-risk environments.</td>
<td>• Provision against uncertainty is a reason to plan, save and invest.</td>
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<td><strong>How Wealth is Created</strong></td>
<td><strong>How to Identify Opportunities</strong></td>
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<tr>
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<td>• Eagerness for gain, or fear of loss, can drive investors into bubbles and crashes.</td>
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<td>• Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.</td>
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<th>Principle of Instability</th>
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<td><strong>How to Manage Risk</strong></td>
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<td>• The manner in which leaders govern (governments, corporations, etc.) significantly influences the productivity of the people they lead.</td>
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<td>• Due to instability, provisions against uncertainty may fail.</td>
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<td>• Risk needs to be managed through diversification and an appropriate allocation of wealth and risk.</td>
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Frequently Asked Questions

How do investments fit into Ronald Blue & Co.'s service offering?
Investments are used to facilitate the allocation of savings to accomplish a future spending or gifting need for an individual or institution.

What are Ronald Blue & Co.'s objectives in its investment services?
To provide investment solutions that can best meet investors' future needs while seeking to provide them with financial peace of mind.

How does Ronald Blue & Co. decide which asset classes to use?
Ronald Blue & Co. starts with risk and return goals over different time horizons, current price levels of the asset classes, and the economic outlook. We then recommend asset class mixes with what we believe will have the best opportunity to meet the goals.

Does Ronald Blue & Co. have any principles that govern your asset allocations?
- Ronald Blue & Co. does not believe it can time or predict short-term asset class price movements.
- We believe diversification among the different asset classes and within the asset classes is prudent.
- We believe risk and return are highly correlated and investors should demand a higher return for taking on more risk.
- Economic and asset class pricing cycles exist and are unpredictable. Investment decisions should not be made based on these cycles.
- The longer one's time horizon, the better the short-term decision-making will be.

What investment tools does Ronald Blue & Co. utilize?
We believe there are three primary tools available to investors. We call them major asset classes: ownership (stocks), lending (bonds), and commodities (monetary and productive).

What are Ronald Blue & Co.'s different portfolio time horizons?
We have three portfolio time horizons: Short Term (2 years), Intermediate Term (Years 3-9) and Long Term (10 years and longer).

What are Ronald Blue & Co.'s risk and return goals on those time horizons?
- Our goals for our Short Term Portfolio are to maintain principal first and enhance return second.
- In our Intermediate Term Portfolio, we want to ensure the principal balance is preserved after inflation, historically expecting 4% returns above inflation over a five-year time horizon (gross of management fees).
- In our Long Term Portfolio, we want the principal balance to grow at 4% above inflation, historically expecting 4-8% returns above inflation over a 10-year time horizon (gross of management fees).

How does Ronald Blue & Co. determine which allocation is most suitable for a client?
We start with a review of the current asset allocation and compare that to future cash flow needs. We then modify allocations based on individual clients related to their risk tolerance and time horizon requirements for their invested capital. Then, we make recommendations we believe are appropriate to accomplish goals in light of our principles and outlook.

***It should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Ronald Blue & Co.) will be profitable. Projected annualized returns are not guaranteed in any way and are used for illustrative purposes only. Past performance is not indicative of future performance.***
How does Ronald Blue & Co. make its investment decisions?

Ronald Blue & Co. believes there are certain principles in the world that, if followed, will help lead to wealth creation and optimal investment results. Ronald Blue & Co. utilizes those principles to assess future risks and opportunities for investors.

How are changes to the portfolio determined and how often are they made?

Changes to the portfolio are determined by client time horizon changes and Ronald Blue & Co.’s assessment of asset class pricing and its economic outlook. Ronald Blue & Co. does not make changes to the portfolio in a scheduled manner but makes changes as warranted.

What does Ronald Blue & Co. think are the keys to meeting investors’ investment objectives?

We believe that clarity in an investor’s future cash flow needs and the current assets available to meet those needs are keys to meeting investors’ objectives.

What does Ronald Blue & Co. think are the keys to providing a client with financial peace of mind?

We believe that clarity in Ronald Blue & Co.’s beliefs as to what drives investment results and its investment decision-making process are keys to helping to provide clients with financial peace of mind.

What does Ronald Blue & Co. think drives investment results?

We believe that economic growth, inflation, and valuation drives investment results.

What affects economic growth, inflation, and savings levels?

We believe leadership (company / government) has the biggest effect as they set the policy environment for productivity, savings incentives, and private property protection.

Do investment prices always reflect reasonable future assumptions?

Investment prices over the long term are a reflection of the economic and inflation levels within nations. In the short term, they are more a reflection of investors’ emotions and government stimulus.

Within Ronald Blue & Co., who are the decision makers and what are their roles?

- The advisor is responsible for knowing the investor’s future cash flow needs, tax situation, and timing along with matching the investment strategy to the investor’s temperament and goals.
- Ronald Blue & Co. has an Investment Policy Committee that sets the investment policy for the firm’s clients and monitors the investment strategies for policy and philosophical adherence.
- The Ronald Blue & Co. Investment Strategy Team, through rigorous investment research, develops and implements investment strategies through research disciplines within the guidelines set by the Investment Policy Committee.
Principled Reasoning™ is an investment decision-making framework built upon timeless biblical principles. Below are the Core Economic & Investment Principles, along with the supporting biblical scriptures. This list was compiled with the help of several individuals who have theological training and experience in economics and investing. Some scripture associations have a stronger correlation than others, but we believe that each of these generally support the overall Principled Reasoning framework. The verses quoted are taken from various translations.

**Principle of Applied Wisdom**

- The world is uncertain but not chaotic.
  - "There is a time for everything, and a season for every activity under the heavens: a time to be born and a time to die, a time to plant and a time to uproot...” – Ecclesiastes 3
  - “For the LORD is righteous, he loves justice; the upright will see his face.” – Psalm 11:7
- Reasonable decisions can reduce exposure to high-risk environments.
  - “The plan of the diligent lead surely to plenty, but those of everyone who is hasty, surely to poverty.” – Proverbs 21:5
  - “My son, do not let wisdom and understanding out of your sight, preserve sound judgment and discretion; they will be life for you, an ornament to grace your neck. Then you will go on your way in safety, and your foot will not stumble.” – Proverbs 3:21-23
  - “A shrewd person sees danger and hides himself, but the naive keep right on going and suffer for it.” – Proverbs 22:3
  - “Plans fail for lack of counsel, but with many advisers they succeed.” – Proverbs 15:22
- Applying wisdom principles may not eliminate risk, but it can improve the chance of successful outcomes.
  - “For wisdom provides protection, just as money provides protection. But the advantage of knowledge is this: Wisdom preserves the life of its owner.” – Ecclesiastes 7:12
  - “Anyone who listens to my teaching and follows it is wise, like a person who builds a house on solid rock. Though the rain comes in torrents and the floodwaters rise and the winds beat against that house, it won’t collapse because it is built on bedrock...” – Matthew 7:24-27
  - “Wisdom is vindicated by her deeds.” – Matthew 11:19

**Principle of Uncertainty**

- The future is uncertain.
  - “Do not boast about tomorrow, for you do not know what a day may bring.” – Proverbs 27:1
  - “Now listen, you who say, ‘Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.’ Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes.” – James 4:13-14
  - “Instruct those who are rich in this present world not to be conceited or to fix their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy.” – 1 Timothy 6:17
”I have told you these things, so that in me you may have peace. In this world you will have trouble. But take heart! I have overcome the world.” – John 16:33

”Many are the plans of a person’s heart, but it is the Lord’s purpose that prevails.” – Proverbs 19:21

Provision against uncertainty is a reason to plan, save and invest.

”And let them gather all the food of those good years that are coming, and store up grain under the authority of Pharaoh, and let them keep food in the cities. Then that food shall be as a reserve for the land for the seven years of famine which shall be in the land of Egypt, that the land may not perish during the famine.” – Genesis 41:35-36

”In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.” – Proverbs 21:20

”A good man leaves an inheritance to his children’s children.” – Proverbs 13:22

”For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it?” – Luke 14:28

”Go to the ant, you sluggard; consider its ways and be wise. It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest.” – Proverbs 6:6-8

Principle of Human Productivity

Productivity is the combination of human creativity and natural resources.

”A slack hand causes poverty, but the hand of the diligent makes rich. He who gathers in summer is a prudent son, but he who sleeps in harvest is a son who brings shame.” – Proverbs 10:4-5

”After a long time the master of those servants returned and settled accounts with them. The man who had received five bags of gold brought another five. ‘Master,’ he said, ‘you entrusted me with five bags of gold. See, I have gained five more.’ “His master replied, ‘Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master’s happiness!’” – Matthew 25:14-30

”For even when we were with you, we commanded you this: If anyone will not work, neither shall he eat.” – II Thessalonians 3:10

”Sow your seed in the morning, and at evening let your hands not be idle, for you do not know which will succeed, whether this or that, or whether both will do equally well.” – Ecclesiastes 11:6

”The Lord God took the man and put him in the Garden of Eden to work it and take care of it.” – Genesis 2:15

Wealth is created as a result of human productivity.

”Remember the Lord your God, for it is He who gives you the ability to produce wealth.” – Deuteronomy 8:18

”Lazy hands make for poverty, but diligent hands bring wealth.” – Proverbs 10:4

”The rich rule over the poor, and the borrower is slave to the lender.” – Proverbs 22:7

”The point is this: whoever sows sparingly will also reap sparingly, and whoever sows bountifully will also reap bountifully.” – 2 Corinthians 9:6
» “How long will you lie there, you sluggard? When will you get up from your sleep? A little sleep, a little slumber, a little folding of the hands to rest—and poverty will come on you like a thief and scarcity like an armed man.” – Proverbs 6:9-11

» “Whoever watches the wind will not plant; whoever looks at the clouds will not reap.” – Ecclesiastes 11:4


» “Whoever loves pleasure will become poor, whoever loves wine and olive oil will never be rich.”
- Proverbs 21:17

Principle of Leadership and Governance

• The manner in which leaders govern (governments, corporations, etc.) significantly influences the productivity of the people they lead.

» “When the godly are in authority, the people rejoice. But when the wicked are in power, the people mourn.”
- Proverbs 29:2

» “Do not withhold good from those to whom it is due, when it is in the power of your hand to do so. Do not say to your neighbor, ‘Go, and come back, and tomorrow I will give it.’ when you have it with you.”
- Proverbs 3:27-28

» “Don’t cheat when measuring length, weight, or quantity. Use honest scales and weights and measures.”
- Leviticus 19:35-36

» “You must have accurate and honest weights and measures, so that you may live long in the land the Lord your God is giving you. For the Lord your God detests anyone who does these things, anyone who deals dishonestly.” – Deuteronomy 25:15-16

» “Whoever oppresses the poor to increase his own wealth, or gives to the rich, will only come to poverty.”
- Proverbs 22:16

» “Give justice to the poor and the orphan; uphold the rights of the oppressed and the destitute. Rescue the poor and helpless; deliver them from the grasp of evil people. But these oppressors know nothing ...”
- Psalm 82:3-5

• Environments with greater civil and economic freedom tend to provide more fertile ground for investment due to increased human productivity.

» “Do not pervert justice or show partiality... Follow justice and justice alone, so that you may live and possess the land the Lord your God is giving you.” – Deuteronomy 16:18-20

» “See, I set before you today life and prosperity, death and destruction. For I command you today to love the Lord your God, to walk in obedience to him, and to keep his commands, decrees and laws; then you will live and increase, and the Lord your God will bless you in the land you are entering to possess. But if your heart turns away and you are not obedient, and if you are drawn away to bow down to other gods and worship them, I declare to you this day that you will certainly be destroyed. You will not live long in the land you are crossing the Jordan to enter and possess.
This day I call the heavens and the earth as witnesses against you that I have set before you life and death, blessings and curses. Now choose life, so that you and your children may live and that you may love the Lord your God, listen to his voice, and hold fast to him. For the Lord is your life, and he will give you many years in the land he swore to give to your fathers, Abraham, Isaac and Jacob.”
- Deuteronomy 30:15-20

» “For sin shall no longer be your master, because you are not under the law, but under grace.”
- Romans 6:14

**Principle of Inherent Value**

- Investors and markets are not always rational.
  
  » “The race is not to the swift or the battle to the strong, nor does food come to the wise or wealth to the brilliant or favor to the learned; but time and chance happen to them all ... As fish are caught in a cruel net, or birds are taken in a snare, so people are trapped by evil times that fall unexpectedly upon them.”
  - Ecclesiastes 9:11-12

  » “Mortals, born of woman, are of few days and full of trouble. They spring up like flowers and wither away; like fleeting shadows, they do not endure.” - Job 14:1-2

  » “The heart is deceitful above all things and beyond cure. Who can understand it?” - Jeremiah 17:9

  » “I do not understand what I do. For what I want to do I do not do, but what I hate, I do.” - Romans 7:15

  » “A double-minded man in unstable in all his ways.” - James 1:8

- Eagerness for gain, or fear of loss, can drive investors into bubbles and crashes.
  
  » “Wealth gained hastily will dwindle, but whoever gathers little by little will increase it.” - Proverbs 13:11

  » “For the love of money is a root of all kinds of evils. It is through this craving that some have wandered away from the faith and pierced themselves with many pangs.” - 1 Timothy 6:10

  » “No one can serve two masters, for either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve God and money.” - Matthew 6:24

  » “He who loves money will not be satisfied with money, nor he who loves wealth with his income; this also is vanity.” - Ecclesiastes 5:10

  » “Keep your life free from love of money, and be content with what you have, for he has said, 'I will never leave you nor forsake you.'” - Hebrews 13:5

- Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.
  
  » “But examine everything carefully; hold fast to that which is good ...” - 1 Thessalonians 5:21

  » “The naïve believe everything, but the sensible man considers his steps.” - Proverbs 14:15

  » “Suppose a king is about to go to war against another king. Won’t he first sit down and consider whether he is able with ten thousand men to oppose the one coming against him with twenty thousand?”
  - Luke 14:31-32
Principle of Instability

• Markets and economies are not stable.
  » “Do not wear yourself out to get rich; do not trust your own cleverness. Cast but a glance at riches, and they are gone, for they will surely sprout wings and fly off to the sky like an eagle.” – Proverbs 23:4-5
  » “No one knows what is coming — who can tell someone else what will happen?” – Ecclesiastes 10:14
  » “Now listen, you who say, ‘Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.’ Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes.” – James 4:13-14

• Due to instability, provisions against uncertainty may fail.
  » “The race is not to the swift or the battle to the strong, nor does food come to the wise or wealth to the brilliant or favor to the learned; but time and chance happen to them all. Moreover, no one knows when their hour will come: as fish are caught in a cruel net, or birds are taken in a snare, so people are trapped by evil times that fall unexpectedly upon them.” – Ecclesiastes 9:11-12
  » “I have told you these things, so that in me you may have peace. In this world you will have trouble ...” – John 16:33
  » “Then Job fell to the ground in worship and said: ‘Naked I came from my mother’s womb, and naked I will depart. The Lord gave and the Lord has taken away; may the name of the Lord be praised.’” – Job 1:20-2

• Risk needs to be managed through diversification and an appropriate allocation of wealth and risk.
  » “Ship your grain across the sea; after many days you may receive a return. Invest in seven ventures, yes, in eight; you do not know what disaster may come upon the land.” – Ecclesiastes 11:1-2
  » “Be sure you know the condition of your flocks, give careful attention to your herds; for riches do not endure forever, and a crown is not secure for all generations.” – Proverbs 27:23-24
  » “Sow your seed in the morning, and at evening let your hands not be idle, for you do not know which will succeed, whether this or that, or whether both will do equally well.” – Ecclesiastes 11:6