

Wisdom For Wealth. For Life.®

WINTER ISSUE | FEBRUARY 2023



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RonaldBlueTrust®



New Year, New Resources

Ronald Blue Trust will celebrate its 44th anniversary this year. Our humble beginnings and rich history have provided a solid foundation for us to continue to evolve as a growing, relevant, Christ-centered company that has successfully weathered the inevitable ups and downs of business. While we cling deeply to our strong roots, we also continually strive to innovate and look for new ways to serve our clients with excellence and accomplish the mission God has called us to.

In this quarter's newsletter, you will read about several of our newest resources. We are excited about these expanded offerings and other new resources to come.

Trust and investment management accounts and services offered by Ronald Blue Trust, Inc. are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, nor guaranteed by any bank or bank affiliate, and are subject to investment risk, including possible loss of the principal amount invested.



Investing Your Values with Access Portfolios

While the topic of money may not seem like a spiritual issue, the Bible is full of directives about how we are to handle our financial lives. The New Testament, especially, provides clear instructions for managing our money, including:

- **We are to be good stewards.** In the parable of the five talents (Matthew 25:14–30), Jesus explains how two of the three servants not only protected the talents they were given, but also put them to work and doubled their property. These servants were rewarded, while the servant who had hoarded his talents was punished.
- **We are to be generous.** Peter the Apostle says: “Each one should use whatever gift he has received to serve others, faithfully administering God’s grace in its various forms.” (1 Peter 4:10 NIV). As Christians, we show grace in many ways—not the least of which is through abundant giving.
- **We must continue God’s work.** Scripture tells us exactly what responsibilities we have as we further His church and serve as overseers of His kingdom. As Paul instructs in the book of Titus: “*Since an overseer is entrusted with God’s work, he must be blameless—not overbearing, nor quick-tempered, not given to drunkenness, not violent, not pursuing dishonest gain. Rather he must be hospitable, one who loves what is good, who is self-controlled, upright, holy, and disciplined. He must hold firmly to the trustworthy message as it has been taught, so that he can encourage others by **sound doctrine** and refute those who oppose it.*” (Titus 1:7–9 NIV).

But what, exactly, is Paul speaking of when he talks about “sound doctrine”? The term is interpreted differently among God’s people, not only between denominations but also between individuals within the church. Although Christians share the most important belief—that Jesus is the Son of the living God—their beliefs can vary widely from region to region, church to church, and even person to person.

One area where interpretations vary widely is in how we handle our finances. Some Christians save and spend prudently; others spend lavishly. Some adhere to a strict tithing schedule; others give only when they feel led.

There is also a vast difference in Christians’ investing philosophies. Although impact investing has risen in popularity in recent years, many Christians have “invested their conscience” for decades, particularly around hot-button issues and industries such as reproductive rights, animal testing, gambling, alcohol, tobacco, pornography, and more. Christians have generally used two very different approaches when investing in these areas. The first approach is to abstain from investing in companies with values that do not align with theirs; this approach seems to follow Jesus’ teaching that “For where your treasure is, there your heart will be also.” (Matthew 6:21 NIV). The second approach is to continue investing in these companies, with the intention of using the gains for the greater good.

In our view, there is no “right” approach to investing for Christians. It comes down to what is the best approach for each individual or family. However, these philosophical differences reveal a need for Christians to have access to flexible, customizable investing options that allow them to build a portfolio to reflect their belief system and honor their conscience. That’s where Access Portfolios come in.

“FOR WHERE YOUR TREASURE IS,
THERE YOUR HEART WILL BE ALSO.”
(MATTHEW 6:21 NIV)

Portfolios with a Purpose

At Ronald Blue Trust, we strive to empower Christians to follow God’s instructions for good stewardship, generous giving, and furthering His kingdom. We believe it is possible to achieve all three through our Access Portfolios. These separately managed accounts (SMAs) are customizable solutions that deploy a technique called direct indexing, where investors choose individual stocks to emulate an index or other investment strategy instead of buying a fund.¹ This approach provides for more flexibility and portfolio customization; investors can pick and choose which companies and industries to invest in and which to leave out by using a menu of values-based screens.



Direct indexing has other benefits as well. Through Access Portfolios, investors can:

- **Reduce overly concentrated positions.** Portfolios made up of individual stocks tend to be nimbler than those with index funds, allowing for easier reallocation during changing market environments.
- **Control capital gains.** Excessive capital gains can push investors into a new tax bracket and leave them with a higher tax bill. Access Portfolios give investors the ability to set a cap on their annual capital gains, then adjust their portfolio to stay within the budget as circumstances change.
- **Take advantage of tax-loss-harvesting opportunities.** When stocks lose value, investors can sell them at a loss to offset capital gains. Some experts estimate that tax-loss harvesting can increase after-tax returns by 1% annually, which can positively impact an investor’s income, estate, and charitable giving plans.²
- **Customize values-based screens.** Access Portfolios enable investors to apply their personal values and beliefs to their investments by creating customized screens that align with their conscience. Two common types of screens include:
 - *Revenue-based screens:* Investors can remove companies that reach a certain revenue threshold from a particular business activity. For example, investors may choose to screen out companies with 10% or more of revenue from things like alcohol or tobacco-based products.
 - *Violation-based screens:* Investors may take a zero-tolerance approach and screen out companies involved in a particular business activity. For example, some investors may not want companies that conduct stem cell research or animal testing in their portfolio.
- **Increase giving.** Through Access Portfolios, investors can request a periodic gifting proposal from their advisor, which lets them donate highly appreciated stock to carefully selected charitable organizations. Donating the stock instead of selling it can also reduce an investor’s tax bill and further the mission of a chosen cause.
- **Effect change from the inside.** Stockholders have a voice in corporate boardrooms. With that voice, they can help shape a company’s mission, future, and activities. Through Access Portfolios, investors can vote on their



own or delegate the process to Ronald Blue Trust's subadvisor, which follows principles-based proxy voting.³ The principles-based voting policy favors:

- Leadership and governance policies designed to protect shareholders as the primary interest
- Structures that dignify people and value diversity of thought and experience
- Protecting equal rights, religious liberty, and the sanctity of life
- Reviewing environmental policies to make sure they are not detrimental to shareholders' interests and not used for political pressures
- Policies that believe in human innovation to solve environmental issues

Next Steps

Want to learn more about Access Portfolios? Contact your Ronald Blue Trust advisor or email us at info@ronblue.com.

Please see important disclosures on page 8.

Access Portfolios are for investors who wish to:

- 01 Realize growth while choosing individual stock positions aligned with their values
- 02 Reduce taxes and retain wealth for other purposes
- 03 Make an impact for the greater good through charitable gifting
- 04 Have their voices heard at the corporate level



Additional New Offerings

BlueGive

We are excited to announce that Ronald Blue Trust has added another donor-advised fund (DAF), called BlueGive, to our list of recommended DAFs. BlueGive is a low-cost, no-minimum, innovative platform that empowers you to augment your giving through your investments by providing access to the same Ronald Blue Trust investment strategies that you use for your personal accounts.

BlueGive also has enhanced technology features that allow you to:

- Seamlessly collaborate across multiple generations to impact the social causes you care about
- Search and discover giving opportunities with over 1.5 million charities
- Send grants with just a click inside the app, rather than through multiple sites and channels
- Align investments with your values through an intelligent, algorithmic-based search engine

- Build a legacy by empowering the next generation to become involved in the stewardship of your family’s capital
- Raise money for important causes directly on the BlueGive platform

BlueGive Fee Structure

Sample Portfolio Size	\$100,000
Admin / Management Fee	0.60% ⁱ
Expense Ratio of Underlying Funds ⁱⁱ	0.41%
Ronald Blue Trust Inv Mgt Fee	Up to 1%
Total Fees	1.01% – 2.01%

Chart fees as of 1/1/2023

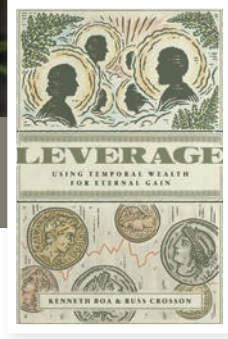
ⁱ TIFIN admin fee is 60 basis points on the first \$1 million and 20 basis points on the portfolio balance above \$1 million per DAF basis.

ⁱⁱ 50% intermediate-term dynamic and 50% long-term dynamic. More cost-effective solutions are also available on the Ronald Blue Trust platform.



Leverage

Our newest printed resource is *Leverage*—a book co-authored by theologian Ken Boa and Ronald Blue Trust chief mission officer Russ Crosson. This book features the unique approach of combining the wisdom of a theologian with the experience of a practitioner as the authors examine what it takes to live wisely versus foolishly with our money (Matthew 7:24–26).



The goal of the book is to show how Christians can leverage God’s earthly gifts not for personal benefit but for the advancement of His kingdom. *Leverage* challenges the usual assumptions and thinking about money and expertly shows followers of Christ how to live with a perspective on their money and giving that looks beyond their earthly horizon into eternity.

If you would like to receive a complimentary copy of this book for yourself, your children, grandchildren, friends, or neighbors, please email info@ronblue.com. After you’ve read the book, if you feel led, we would appreciate you writing an honest review of the book on Amazon.com.



Women’s Webpage

At Ronald Blue Trust, we believe women have a critical voice in the financial world. Throughout our history, we have served and championed women—intentionally including them in the planning process and equipping them with financial knowledge. We value the wisdom,

discernment, and experiences that women bring to the table and believe they have an important and equal role to play. We consider it a privilege to partner with women in all stages of life and walk their journey with them.

We know that women often take a back seat when it comes to investment decisions and long-term financial planning. Research shows that while 68% of women feel empowered to manage a household budget, only 19% feel confident selecting investments that align with their goals. We are striving to change that narrative by encouraging women to occupy an equal seat at the financial table and let us join them on their journey.

To continue providing valuable resources and reaching women who can benefit from our services, we recently launched a new section of our website specifically for women. At ronblue.com/women, you can learn more about why it is important for women to engage in finance, see what tailored services we provide for women, and interact with resources to assist women.



Digital Resources

Two other resources that are not as new, but still provide helpful and timely content, are our *Insights Blog* and *Wisdom for Wealth. For Life.* podcast series. Our *Insights Blog* is a bi-weekly email that delivers content on topics ranging from the economy and investments to stories of encouragement and generosity. Learn more and subscribe at ronblue.com/library.

In our *Wisdom for Wealth. For Life.* podcasts, we share financial insights from our network of wealth advisors and thought leaders in the industry as well as wisdom for other areas of life, including family, marriage, leadership, generosity, and legacy. You can access our podcasts wherever you usually listen to podcasts, including Spotify, Apple Podcasts, YouTube, Amazon Music, and more.

What's Next?

We hope you are as excited about these new resources as we are. Although our mission and approach to fulfilling that mission has not changed since our founding, we continue to strive for excellence in serving you. Whether you are a long-time client, a new client, or simply considering our services, please know that our financial advice is based on biblical wisdom to help people wisely allocate limited resources to unlimited alternatives.

We appreciate the trust that you place in us, and we feel blessed to be part of your life and financial journey. If you have any questions about any of these services or resources, please reach out to your Ronald Blue Trust advisor.



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¹ Direct indexing involves buying a portfolio of stocks to emulate the index factor exposures and returns as opposed to buying the index fund. Investors who have considerable investments in a taxable account and desire a high level of customization may benefit more from direct indexing.

² Shomesh E. Chaudhuri, Terence C. Burnham & Andrew W. Lo (2020) An Empirical Evaluation of Tax-Loss-Harvesting Alpha, *Financial Analysts Journal*, 76:3, 99-108, DOI: 10.1080/0015198X.2020.1760064

³ Vident Investment Advisory, LLC serves as the subadvisor for the Ronald Blue Trust Access Portfolios. A subadvisory fee is charged by and paid to Vident Investment Advisory, LLC as the subadvisor to the Access Portfolios in addition to the investment management fee charged by Ronald Blue Trust. Contact your advisor to request a copy of Vident Investment Advisory LLC's Form ADV for more information about the subadvisor.

Values-based screening performed by the subadvisor uses third-party-provided screening methodologies. Screening is subjective by nature and may not align with a client's perspective, particularly what constitutes significance of a company's business activity or adherence to responsible investing principles. Certain environmental, faith-based, governance, and/or social screens may lessen the universe of investments. Therefore, the portfolio's implemented strategy may underperform a portfolio comprised without screens. The portfolio may forgo opportunities to gain exposure to companies, industries, sectors, or countries that outperform and may choose to sell a security when it might be disadvantageous to do so.

The investment information is general and educational in nature, does not consider other investments that an individual may own, is not a prediction of external economic conditions, nor considers an individual's past investment experience. Individuals may wish to seek professional investment counsel before making investment decisions. This information should not be used as the primary basis for tax decisions. Because of individual client situations, it should not be considered advice designed to meet the particular tax needs of any investor. There is no guarantee that tax-loss selling will maximize value.

Trading and customizing positions in a direct-indexing portfolio can increase your transaction costs, which can decrease your returns. As with any investment strategy, there is potential for profit as well as the possibility of loss. Ronald Blue Trust does not guarantee any minimum level of investment performance or the success of any investment strategy. All investments involve risk, and investment recommendations will not always be profitable. You cannot invest directly in an index. Past performance does not guarantee future results.

Ronald Blue Trust advisors apply biblical wisdom and technical expertise to help clients make wise financial decisions to experience clarity and confidence and leave a lasting legacy. With nearly \$13 billion of assets under advisement and a nationwide network of 16 offices, we offer comprehensive financial services and objective advice to more than 9,500 clients across the wealth spectrum in all 50 states (as of 12/31/2022 and subject to change).

The information found in this issue of the *Wisdom For Wealth. For Life.* quarterly newsletter is intended to be educational in nature and may not be applicable to your current portfolio or financial strategy. You should not rely on any of the information as authoritative or a substitute for the exercise of your own skill and judgment in making any investment or other decision. These clients' experiences may not be representative of the experience of other clients. Their experiences are also not indicative of future performance or success. All investment involves risk and should be carefully considered. While diversification can help reduce market risk, it does not eliminate it. Diversification does not assure a profit or protect against loss in a declining market. Please feel free to contact your Ronald Blue Trust financial advisor with any questions or to discuss specific changes in your current financial situation. Ronald Blue Trust and its employees do not provide legal or accounting advice or service. Work with your attorney or accounting professional for such services. Participants in retirement plans receiving a copy of this newsletter and desiring additional information should contact their plan administrator.

At Ronald Blue Trust, we are committed to safeguarding the information you provide us. To learn more about the privacy of your information, visit www.ronblue.com/regulatory. 16342272-01-23, 16333675-01-23

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Investment Perspective

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Putting Out the Fire that Is Inflation

Extinguishing any fire requires removing at least one of three elements: heat, fuel, or oxygen. Economically speaking, the fire that raged in 2022 was inflation. The U.S. Federal Reserve (Fed) is trying to deprive the fire of oxygen by increasing interest rates and attempting to remove excess liquidity from the economy. The challenge, aside from putting out the fire, is to do so without severely harming the economy itself and tipping us into a deep recession.

During the Great Financial Crisis of 2007-2008, the Fed lowered its benchmark federal funds interest rate from around 5% to near 0%, fueling economic growth and the longest bull market in history. Except for a handful of rate hikes from 2015 to 2018, the key rate remained near 0% until 2022. The Fed also increased its balance sheet to nearly \$9 trillion, including the \$4.5 trillion Congress approved for COVID-relief funding.

Injecting liquidity and stability into the economic system and financial markets spurred economic growth, as intended. However, it also resulted in high inflation. Now, the Fed is trying to slow inflation by raising rates and reducing its balance sheet.

Economic Overview

INTEREST RATES ROSE AT AN HISTORIC PACE

The Fed swiftly cut interest rates to 0% during the height of the pandemic, providing economic stability and helping equities quickly pull out of a sharp bear market. However, inflation surged, with the U.S. Consumer Price Index (CPI) accelerating to a 41-year high of 9.1% in June 2022. Central bankers moved aggressively the other way, with seven rate increases from March to December 2022, eventually bringing the benchmark federal funds rate to a range of 4.25%-4.5%.

The pace of rate increases was unprecedented in recent history, spurred by hopes that higher rates would reduce liquidity, borrowing, and demand from consumers and businesses. Ideally, the move was designed to slow the economy without derailing it into a deep recession. So far, it's working. Stocks and bonds saw significant declines, but inflation appears to have peaked. However, we haven't entered a recession yet, according to the National Bureau of Economic Research (NBER), an independent nonprofit that officially declares U.S. recessions—although often months after the fact.

MIDTERM ELECTION SURPRISES

Many expected the Republican party to take control of the U.S. House of Representatives and the Senate in dominating

fashion during the 2022 midterm elections. While the Republicans did take control of the House, the Democrats picked up a seat in the Senate and will likely remain in control with three Independent senators who tend to align with the Democrats.

This gridlock can lead to less uncertainty, which is generally favored by the markets. A split government could also positively impact inflation. Why? With a divided Congress, passing new spending bills will likely be more difficult than if a single party were in control.

CRYPTO CRASH

In November, cryptocurrency exchange FTX suspended customer withdrawals amid a liquidity crisis, setting off a chain of events that led to FTX filing for bankruptcy along with a host of crypto stocks losing more than half of their value. The company was valued at \$32 billion in early 2022 and recognized as the fourth-largest crypto exchange. However, after FTX's relationship with major investor Binance soured, Binance sold off large holdings of FTX's native token, FTT. The token crashed, and a potential bailout for FTX never materialized.

The long-term result of these events is unknown. Many people lost a lot of money—FTX has more than one million creditors and owes more than \$3 billion to the largest 50. Concerns have also risen regarding increased regulation, contagion across the crypto universe, and even the future of crypto as a whole.

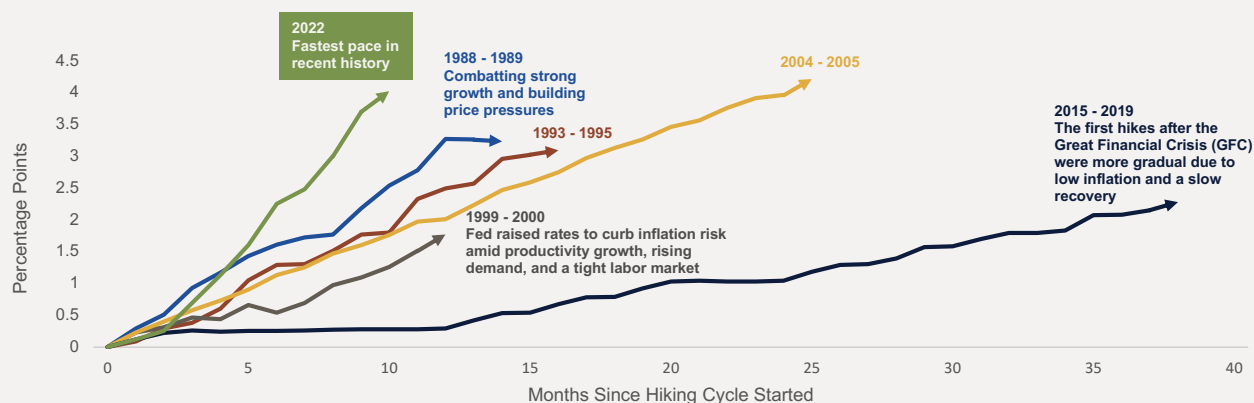
Our Perspective

THE FED IS DOING A GOOD JOB, SO FAR

We believe the Fed has done a good job of balancing inflation risk with recession risk, except for possibly waiting too long to begin raising interest rates. Inflation appears to be slowing and may have already passed its peak. While the tight labor market remains a headwind to the Fed's goal, we have seen signs of softening. Policy makers now project that the benchmark federal funds rate will reach 5.0%-5.25% in 2023 and forecast rising unemployment and tepid economic growth.

If they are right, we may achieve something close to the "soft landing" they've sought since the beginning of the rate cycle. While higher rates are often painful for borrowers and investors, they are better for the overall economy. Although we may not see as much economic growth as we did from 2010 to 2020 when ultra-low rates helped generate activity, higher (but still normalized, compared to the long-term historical averages) rates encourage companies to manage their resources more efficiently and responsibly.

CHANGE IN EFFECTIVE FEDERAL FUNDS RATE



The effective federal funds rate is a weighted average of the rate banks use to lend to each other overnight. It is determined by the market but is influenced by the Federal Reserve's target. Month 0 is the month when the first interest rate hike in the cycle occurred. We considered an interest rate cycle to be any time period when the Federal Reserve raised rates at two or more consecutive meetings. Sources: www.visualcapitalist.com/comparing-the-speed-of-u-s-interest-rate-hikes/, Federal Reserve Bank of St. Louis's Economic Research Division: federal funds effective rate, percent, monthly, not seasonally adjusted

HAVE WE SEEN THE MARKET BOTTOM?

This past year was a painful one for investors, but it is important to remember that it's nothing we haven't lived through before and generally prospered from after. Historically, each time markets bottomed out, they climbed their way back to previous peaks and even reached new highs. No one knows whether the recent low from the summer of 2022 will mark that bottom. Ronald Blue Trust's investment principle of uncertainty means acknowledging that we don't know what's going to happen in the future, and we need to plan, save, and invest accordingly.

Markets like the one we saw in 2022 are challenging, and that is likely an understatement. However, it's important to remember that it was just one year, a relative blip on the typical investor's time horizon. With that in mind, we made changes during the year to better prepare our portfolios for the increasing probability of a recession. We've also taken advantage of higher interest rates in our short-term solutions. Meanwhile, we are keeping our focus on the long term, and we encourage investors to do the same.

Conclusion

Fighting the fire that is inflation, with its corresponding interest rate hikes and recessionary fears, is difficult. No matter how quickly or carefully you extinguish a fire, you are likely to have damage in the aftermath. At the same time, fires—especially in nature—clear the way for new growth to take hold. History tells us that however long this fire burns and regardless of how much damage it does, markets have rebounded. Remarkably, following the worst 11 years of S&P 500 returns since 1930, the average five-year advance was just shy of 80%. That's not to say it will happen this time, but it does provide perspective and optimism in a time of great uncertainty.



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or visit us online at:
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The information found in this insert is intended to be educational in nature and may not be applicable to your current portfolio or financial strategy. You should not rely on any of the information as authoritative or a substitute for the exercise of your own skill and judgment in making any investment or other decision. All investment involves risk and should be carefully considered. While diversification can help reduce market risk, it does not eliminate it. Diversification does not assure a profit or protect against loss in a declining market.

Please feel free to contact your Ronald Blue Trust financial advisor with any questions or to discuss specific changes in your current financial situation. Ronald Blue Trust and its employees do not provide legal or accounting advice or service. Work with your attorney or accounting professional for such services. Participants in retirement plans receiving a copy of this newsletter and desiring additional information should contact their plan administrator. At Ronald Blue Trust, we are committed to safeguarding the information you provide us. To learn more about the privacy of your information, visit www.ronblue.com/regulatory.

Principles-Based Investing

PRINCIPLE OF APPLIED WISDOM

We believe that applying principles can improve the chance of successful investment outcomes.

PRINCIPLE OF LEADERSHIP & GOVERNANCE

Leadership significantly influences the productivity of the people they lead. Environments with greater civil and economic freedom tend to provide increased fertile ground for investment.

PRINCIPLE OF INSTABILITY

Markets and economies are not stable, and provisions against uncertainty may fail. Risk needs to be managed through diversification.

PRINCIPLE OF UNCERTAINTY

Provision against an uncertain future is a reason to save and invest.

PRINCIPLE OF INHERENT VALUE

Investors and markets are not always rational. Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.

PRINCIPLE OF HUMAN PRODUCTIVITY

Wealth is created as a result of human productivity. Productivity is the combination of human creativity and natural resources.

THREE PILLARS OF OUR INVESTMENT APPROACH

Based on the principles above, the strategies we build exhibit these characteristics:

GROWTH: MARKETS WITH FASTER ECONOMIC GROWTH

VALUATION: ASSETS PRICED APPROPRIATELY

DIVERSIFICATION: ACCORDING TO YOUR TIME HORIZON & CASH FLOW NEEDS

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