



BEACON
WEALTH



Positive Impact Report

2023

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As stewards of the money God entrusts to us as followers of Christ, we have the opportunity to use our capital for positive impact in the world. As values-based investors, our portfolios include several mutual fund companies that invest intentionally with the goal of helping create a better world for all.

In this year's report, we highlight the positive impact your hard-earned dollars are having by investing with Beacon Wealth's LightPoint™ Portfolios. Additionally, we will highlight our corporate engagement efforts in 2023, and wrap up by highlighting our corporate donations to Kingdom-building ministries.

We are grateful for your continued confidence and trust that this report will be a blessing and encouragement to you!

Delivering Change through Community Impact Investing

Here in the United States, we enjoy living and working within the context of the largest – and arguably strongest – economy in the world. With a low current unemployment rate, a plethora of open jobs, and strong wage growth, many Americans flourish under the free market economy in which we live. In such a prosperous nation, however, it can be easy to forget the struggles of those who are more vulnerable to economic hardship – here at home and abroad.

As faith-driven investors, we look for opportunities to make a difference in the lives of vulnerable populations. One way we accomplish this mission is by including mutual funds in client accounts that invest a portion of fund assets in community development investments (CDIs). If you are unfamiliar with CDIs, these are investments designed to have an impact on lower-income neighborhoods and populations.

This year, we want to introduce you to Capital Impact Partners, one such community development investment organization. Capital Impact is an organization designated as a Community Development Financial Institution (CDFI), which is an organization that helps the underserved by providing much-needed access to financing and other forms of capital.

Through their Investment Note – which has an investment grade credit rating – Capital Impact directs investors' dollars towards a variety of impact sectors including affordable housing, health care, education, and healthy food. Through one of LightPoint™ Portfolios' fixed income fund holdings, many of our clients are able to capitalize the projects initiated by Capital Impact Partners.



CAPITAL IMPACT
PARTNERS

Let's look at Capital Impact Partners' Healthy Foods initiative. Did you know that more than 23 million Americans live in areas that lack access to supermarkets where fresh, nutritious foods are available? These "food deserts" result in increased reliance on convenience stores for groceries, where fresh produce is sparse, and shelves are filled with highly processed, high-sugar foods.

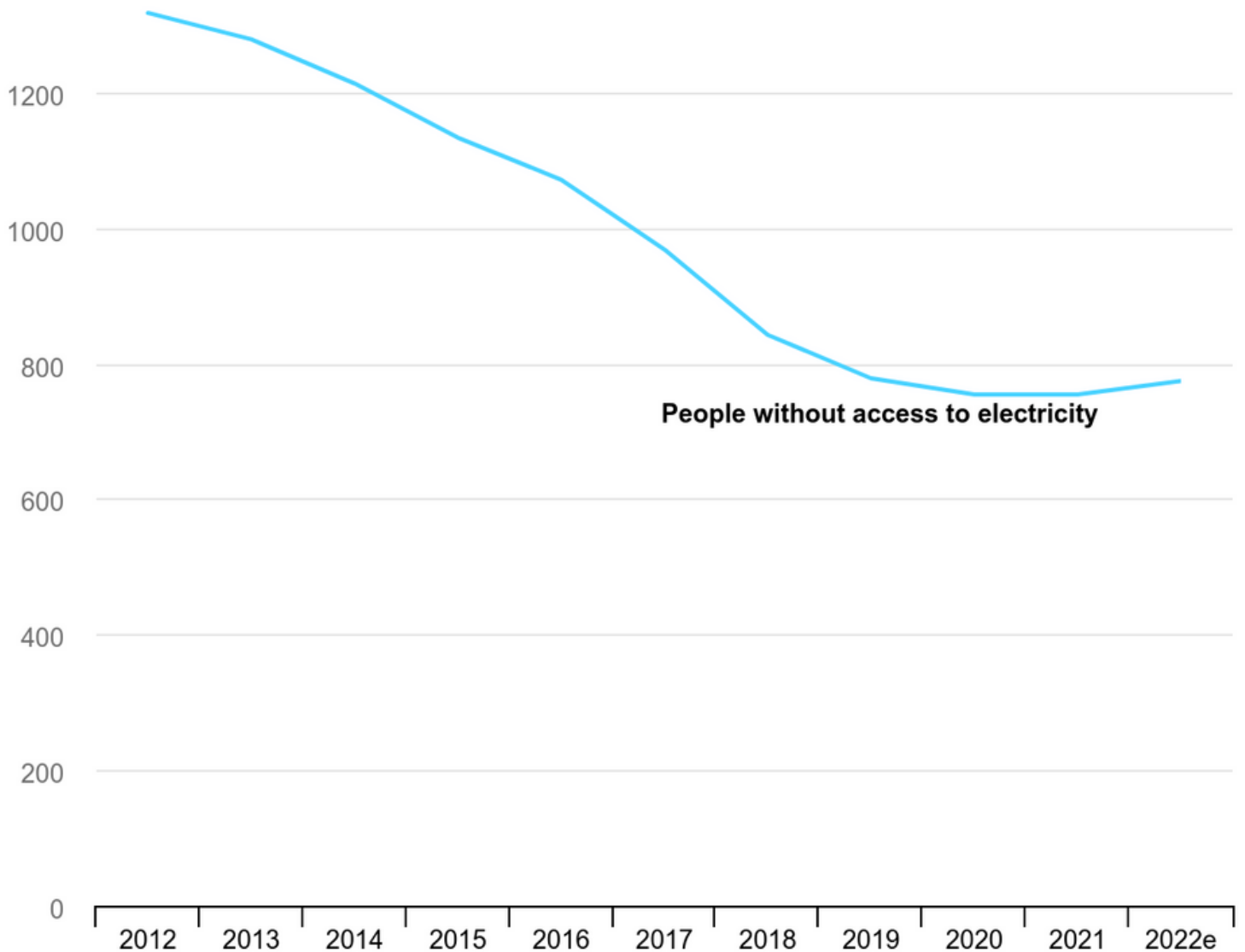
Recognizing this issue, Capital Impact finances the building of new grocery stores and the expansion of existing ones. In addition, they finance innovations such as mobile markets which aid in food distribution efforts. So far, Capital Impact has financed more than 70 retailers, which have provided access to nutritious, fresh foods for 1 million people.¹



Providing Reliable Energy Access in Sub-Saharan Africa

We thank God for giving us access to reliable energy for heat, transportation, and food. Reliable energy access is one of those things that can be easy to take for granted – until the power goes out and the lights stop working.

You may be surprised to learn that a large portion of the world’s population still lacks access to reliable energy. As shown in the chart below from the International Energy Agency, the number of people without access to electricity has hovered around 774 million in recent years. While this is down significantly from 1.5 billion people without electricity in 2012, it is clear that progress is still needed.²



Recognizing the issue at hand, CrossBoundary Energy Access Platform (CBEAP) saw an unmet need. CBEAP is a portfolio holding in the Calvert Impact Community Investment Note – an impact investment held by many of our clients through portfolio mutual funds. CBEAP notes that in Sub-Saharan Africa, it is estimated that 600 million people still lack access to energy. To address this issue, CBEAP finances “mini-grids,” which are mini renewable energy systems that operate independently of national energy grids.³ Powered by solar and other forms of renewable energy, these decentralized mini-grids are designed to provide energy to rural communities in countries such as Nigeria, South Africa, Congo, Uganda, and Senegal.⁴

While there is still much work to be done, CBEAP’s goal is to connect 200,000 homes and businesses to electricity, which is expected to provide power to 1 million people. We are encouraged to see the impact that our investment dollars can have in real communities around the world!



Image Credit: CrossBoundary Access

Giving a Voice to the Voiceless in Bangladesh

April 24th, 2013 began as a normal day in the Dhaka District of Bangladesh. Thousands of factory workers reported for another workday, just trying to make ends meet for their families. Tragically, however, thousands of factory workers were killed or injured on this day when the Rana Plaza building collapsed. The lack of structural integrity in the building that led to this deadly catastrophe was avoidable, according to experts.⁵ This tragedy exposed human rights risks associated with outsourcing apparel manufacturing to factories in developing economies where safeguards to protect workers are severely lacking.

Sadly, we believe too many companies prioritize profit at the expense of others' well-being. In this specific example, companies overlooked and ignored potential safety issues in Bangladesh just to increase their bottom line. Recognizing the issue at hand, one of our portfolio mutual fund companies joined the Bangladesh Investor Initiative in 2013, along with over 200 other institutional investors, to press companies to prioritize worker safety in global apparel supply chains. Now, more than ten years after that fateful day in April 2013, our mutual fund provider reiterated its concern by joining 191 other institutional investors in a joint statement calling on apparel companies to strengthen their implementation of human rights due diligence in their supply chains.⁶

The organizer of the joint statement, the Interfaith Center on Corporate Responsibility, noted in their press release that progress has been made: "In the past decade, the Accord has successfully established safer factories in Bangladesh for over two million workers through unprecedented collective action. Meanwhile, the global regulatory landscape has continued to evolve, leading to a growing number of initiatives advocating corporate respect for human rights."⁷

Although change has occurred, the joint statement went on to explain that "...the investor coalition is urging brands to commit to prioritizing the health and safety of workers in Bangladesh, Pakistan, and throughout global supply chains..." We support the ICCR's efforts to give a voice to the voiceless and are encouraged by the progress that has been made since that horrific April 2013 day.

Ask the Investment Team: What are Green Bonds?

You may have heard of green bonds, but if you are like most people, the concept may seem a bit foreign still. How can a bond be a certain color (green), and do I own any of these “green bonds” in my portfolio? To bring you up to speed, we thought it might be helpful to hear from our Investment Team on the issue. The following Q&A features one of our portfolio analysts, Colin Craig, as he answers a few high-level questions on this impact sector within fixed income. We hope you will be encouraged by what you learn!



What are green bonds?

The objective of green bonds is what sets them apart from ordinary bonds. Green bonds essentially raise funds for new and existing projects that benefit the environment in some capacity. These projects could be anything from clean energy to sustainable agriculture to clean transportation and more. Green bonds are part of the broader category of sustainable bonds, which also includes social bonds (which target areas such as affordable housing) and sustainable bonds (which is a combination of green and social bond criteria). Most green bond issuances are investment grade, meaning the issuers are most likely to repay their debts according to the major credit rating agencies.

As faith-based investors, we seek to tilt toward companies who demonstrate care for creation through environmental stewardship. Investing in green bonds is one tangible way to express our desire to be good stewards of God’s creation. As Christians, we are to manage God’s resources in a way that sustains, protects, and enhances the lives of others. Our Chief Investment Officer, Hillary Sunderland, wrote a helpful article on this very topic earlier in 2023. If you haven’t read it yet, I highly recommend checking it out here:

<https://www.beaconwealth.com/positive-alignment-demonstrating-care-for-creation-through-environmental-stewardship/>

Who issues green bonds?

Green bonds can be issued by governments, non-profits, banks, or corporations. While issuers make a voluntary, non-binding commitment to use the proceeds for environmental projects, many issuers undergo an external verification to help assure borrowers that the proceeds are being used for the sustainable investing purposes for which they were intended.

How does Beacon Wealth invest in green bonds in my portfolio?

Some of the faith-based or sustainable mutual funds that we utilize in clients' portfolios intentionally include investment-grade green bonds as part of the holdings. In fact, one specific fund has as much as one-third of the portfolio allocated to green bonds. We, along with our friends at faith-based mutual fund companies, recognize the power of capital when directed toward projects that demonstrate care for creation.



Shareholder Engagement for the Kingdom

When an investor buys a stock, he or she owns a fractional piece of that company. That sense of ownership is the backbone behind our investment philosophy at Beacon Wealth. We believe in the power of faith-based investing, which motivates us to intentionally apply consistent exclusionary (negative) and positive screens when considering any stock, mutual fund, or exchange traded fund we invest in on behalf of our clients.

Furthermore, our sense of ownership also motivates us to represent Christ in the marketplace through shareholder engagement. Many shareholders do not realize that company ownership (via stocks, mutual funds, or ETFs) gives the investor a voice. We believe that Jesus' call to "love your neighbor as yourself" (Matthew 22:39) does not exclude our investment decisions, and our impact is perhaps most powerful when expressed via shareholder engagement with companies that our clients own. As shareholders, we can seek justice and love mercy – through our investments – as we walk humbly with our God (see Micah 6:8).

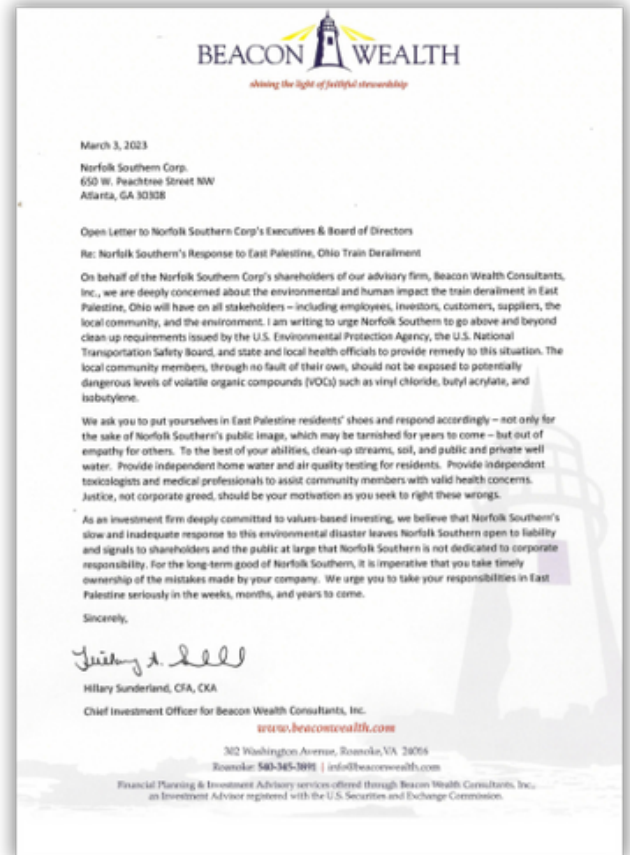
In March 2023, Beacon Wealth Consultants engaged with one of our Select Equity stock portfolio holdings, Norfolk Southern Corporation, following its train derailment in East Palestine, Ohio. In response to Norfolk Southern's seemingly slow and inadequate response, as documented by the media, we felt it was necessary to use our voice as investment managers to advocate for responsible cleanup efforts in the East Palestine, Ohio area.



Image Credit: Gene J. Puskar/Associated Press

In our open letter to Norfolk Southern’s executive leadership and board of directors, we wrote the following:

“On behalf of the Norfolk Southern Corp’s shareholders of our advisory firm, Beacon Wealth Consultants, Inc., we are deeply concerned about the environmental and human impact the train derailment in East Palestine, Ohio will have on all stakeholders – including employees, investors, customers, suppliers, the local community, and the environment... To the best of your abilities, clean-up streams, soil, and public and private well water. Provide independent home water and air quality testing for residents. Provide independent toxicologists and medical professionals to assist community members with valid health concerns. Justice, not corporate greed, should be your motivation as you seek to right these wrongs.”



While we ultimately exited the position due to the ongoing legal uncertainty surrounding the situation, we were grateful for the opportunity to use our voice as shareholders to encourage positive change from Norfolk Southern. While there were undoubtedly many other pressures on the company from regulators to large investors to the local community, we were encouraged to see that Norfolk Southern has now taken better responsibility for its actions, as outlined extensively on its website <https://nsmakingitright.com/>.

Corporate Giving

Beacon Wealth Consultants is committed to giving a minimum of 10% of our net operating profits to worthy Christian ministries. Our corporate giving supported several Kingdom-building ministries and organizations in 2023 including:

Blue Ridge Women's Center

The Blue Ridge Women's Center is a crisis pregnancy center serving Roanoke, Virginia and surrounding areas. Their mission is to empower those facing a pregnancy decision to make life-affirming choices by offering hopeful alternatives, free medical services, and resources in an environment full of the love and grace of Christ. Beacon Wealth Consultants' CEO Rick Laymon serves on the board of the Blue Ridge Women's Center.



Family Foundation of Virginia

The Family Foundation is a faith-based public policy and advocacy nonprofit whose mission is to preserve and promote the family in Virginia as God's foundation upon which all free and thriving societies are built. In pursuing this mission, The Family Foundation advocates for policies based on Biblical principles that enable families to flourish at the state and local level. Beacon Wealth Consultants' President Cassandra Laymon serves on the board of the The Family Foundation.

Feeding Southwest Virginia

Feeding Southwest Virginia is an organization with over 40 years of fighting hunger and changing lives through community partnerships in southwestern Virginia. The organization secures large quantities of food for the hungry, channeling over \$33 million worth of food and grocery related products through a network of 380 partner feeding programs.

Noble Warriors

Noble Warriors serves pastors and churches around Virginia to engage and equip men to follow Christ and lead well in their families and communities. Through men's events, courses, regional teams, training, and resources, Noble Warrior seeks to help churches to invest strategically in men to make an impact for Christ.

Samaritan's Purse

Samaritan's Purse is a Christian organization providing international spiritual and physical aid to people who are victims of war, poverty, natural disasters, disease, and famine with the purpose of meeting physical needs and sharing the hope of the Gospel. This year, Beacon Wealth contributed to Samaritan's Purse's Israel Response project. Through this project, Samaritan's Purse is helping meet the physical and spiritual needs of people on both sides of the Israel-Hamas war. Through partnership with local churches, Samaritan's Purse is bringing needed relief to communities most impacted by the conflict.



Image Credit: Samaritan's Purse

Young Life

Young Life is a ministry that aims to introduce middle school, high school, and college age youth to Jesus Christ and help them grow in their faith. Working in all 50 states and internationally, Young Life leaders build relationships with youth to encourage them and help them know and follow Christ.

Media Underwriting

In 2023, Beacon Wealth Consultants was a media underwriter and sponsor of The Journey FM, a local Christian radio station, and FaithFi (formerly MoneyWise) a national Christian financial radio program and podcast. FaithFi provides biblically based financial education through a radio program, podcast, and written content reaching over 1.5 million weekly listeners and website visitors.

Thank You!

Looking back on 2023, we are thankful for God's many blessings, for the privilege of walking alongside our clients in their financial journey, and for opportunities to make a Kingdom impact through investing and generosity.

Thank you for joining us as we seek to create a Kingdom impact!

References

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