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Portfolios With Purpose

Is Alcohol Adding Alpha?

The Scriptures themselves do not send a mixed message, but a **complex and layered one.**

The faith- and values-based investing movement has many camps and components, but it has one central claim: Investors should consider the impact of their portfolios. Despite this unity, division often dominates the conversation, as debates about what to screen and how strictly to screen obscure the main goal. Amidst this division around the “what” and “how” of screening, we too often forget the “why.”

Portfolios With Purpose, a new white paper series from Crossmark, aims to highlight the movement’s unity by exploring areas of business involvement that many faith- and values-based investors seek to avoid investing in, as well as the underlying why. The series begins with an analysis of alcohol, a common yet contentious topic for divestment.

Alcohol: A brief Christian theology

Why would we divest from Jesus’ first miracle?

Alcohol remains one of the most denominationally divisive products in the marketplace. Some Christian traditions celebrate its consumption, while others discourage or disallow its use. The Scriptures themselves do not send a mixed message, but a complex and layered one.

The first mention of alcohol in the Bible is in Noah’s first act post-flood (Genesis 9:20-21). He disembarks the ark on a mountain, plants a vineyard, cultivates the grapes, makes a Merlot or Malbec, drinks to drunkenness, and his family descends into chaos. This is not a great start.

The last mention of alcohol in the Bible is (implicitly) from Isaiah’s prophecy of the Marriage Supper of the Lamb (Isaiah 25:6-9; Revelation 19:6-9). Christ will return and gather his people on a mountain, serve a feast of meat with marrow with well-aged and well-paired wine. While we dine, he will swallow up death forever, and we will be a family united in peace. This is a perfect end.

The pages in between paint a story of people oscillating between order and chaos, and alcohol is often present for both. Prophets and kings ought to avoid it (Numbers 6:3; Proverbs 31: 4-7). It symbolizes rebellion, wrath, and judgment (Psalm 75:8; Revelation 14, 17, 18), but also celebration and plenty (Psalms 104:14-15, Proverbs 3:10). Saint Paul both urges that church leaders cannot be addicted (1 Timothy 3:3) and that the congregation consider drinking wine for their health (1 Timothy 5:23). The early Church would eat and drink (wine) in Christ’s remembrance (1 Corinthians 11:25). And of course, Jesus himself turns water to wine at a marriage supper (John 2:1-11).

Similarly, the theological case for investing in breweries, distilleries, or wineries is more gray than black and white. But after examining alcohol’s effect on our society, we can’t help but ask if there is more dark-gray than off-white at hand.

Alcohol: Societal effect and ethics

Cancer risks

Turns out, “a glass of red wine a day will keep the doctor away,” was a lie—at least, if that doctor is the surgeon general.¹

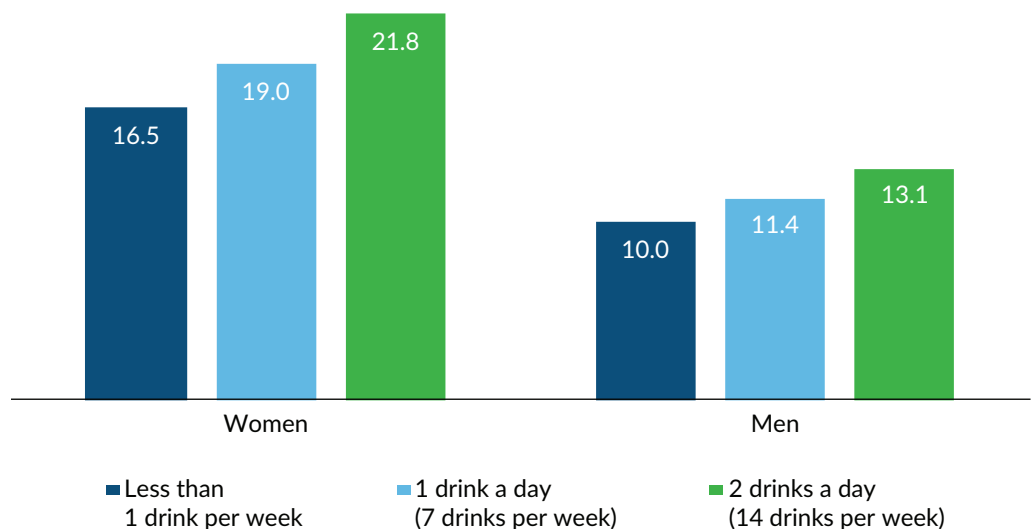
In January 2025, former U.S. Surgeon General Dr. Vivek Murthy called for alcoholic beverages to include health warning labels. The published advisory “highlights alcohol use as ... contributing to nearly 100,000 cancer cases and about 20,000 cancer deaths each year.” Trailing only tobacco and obesity, alcohol consumption is the third leading preventable cause of cancer in the U.S., according to the report.

Consuming two drinks per day, such as a glass of wine with dinner and a nightcap of bourbon, would approximately result in:

- Five more women out of 100 developing cancer.
- Four more women out of 100 developing breast cancer.
- Three more men out of 100 developing cancer.

Even less than one drink per week—perhaps only when out to dinner or after a long day of work a couple times per month—increases cancer risk 16.5% in women and 10% in men.

Higher alcohol consumption increases alcohol-related cancer risk in women and men



Source: Office of the U.S. Surgeon General. This graph represents the cumulative absolute risk of alcohol-related cancer in women and men over the lifespan by age 80. Alcohol-related cancer includes breast, colorectum, esophagus, liver, mouth, throat, and voice box cancers.

Alcohol consumption is the **third leading preventable cause of cancer** in the U.S.

About **five more women and three more men out of 100** could develop cancer due to consumption of two drinks a day.

As of 2023,
approximately 10.2%
of Americans ages
12 and older (28.9
million people) live
with **alcohol-use
disorders**.

A second opinion

While a growing number of countries and bodies of scientists support the surgeon general's view, it is not unanimous. Murthy's advisement came on the heels of an update to the U.S. Dietary Guidelines from the National Academies of Sciences, Engineering, and Medicine in December 2024.² After a year of research, the National Academies drew three conclusions.

Moderate drinking was associated with:

1. 18% fewer cardiovascular disease deaths.
2. 16% lower risk of all-cause mortality.
3. 10% higher risk of breast cancer for women.

Aside from acknowledging an increased risk of breast cancer, the National Academies argue that moderate alcohol consumption is actually correlated with a decreased risk of death, if anything. Why the discrepancy compared with the surgeon general's warning?

Two main factors may contribute to the findings. First, critics claim the board was stacked with researchers already favoring a pro-moderate drinking position from their own work, some of whom received funding from the alcohol industry in the past. Second, the research was observational (as is most in this arena). Therefore, it's possible that moderate drinkers are also moderate eaters and exercisers, outperforming the general population in healthy habits.

Other considerations

Though the evidence continues to accumulate that alcohol consumption is a cancer risk, what about other health risks?

- Approximately 400 million people worldwide, or roughly one in 14 people over the age of 14, live with alcohol-use disorders.³
- Approximately 209 million people worldwide, or roughly one in 27 people over the age of 14, live with alcohol dependence.³
- As of 2023, approximately 10.2% of Americans ages 12 and older (28.9 million people) live with alcohol-use disorders. This includes one in 50 boys and one in 26 girls ages 12 to 17.⁴



As of 2021, more than two-thirds of Americans were still unaware that alcohol increases cancer risk.

Alcohol: Potential warning signs for investors

Economic effects of excess

As a general rule, we consider it wise practice to invest in products that add to, not detract from, our society's ability to collaborate, innovate, and thrive.

A 2010 study reported that excessive drinking cost the U.S. GDP nearly a quarter of a trillion dollars in a single year.⁵ This economic hit resulted from:

- Losses in work presence, productivity, and performance (72%).
- Damages to property and legal needs (17%).
- Healthcare costs for related injuries (11%).

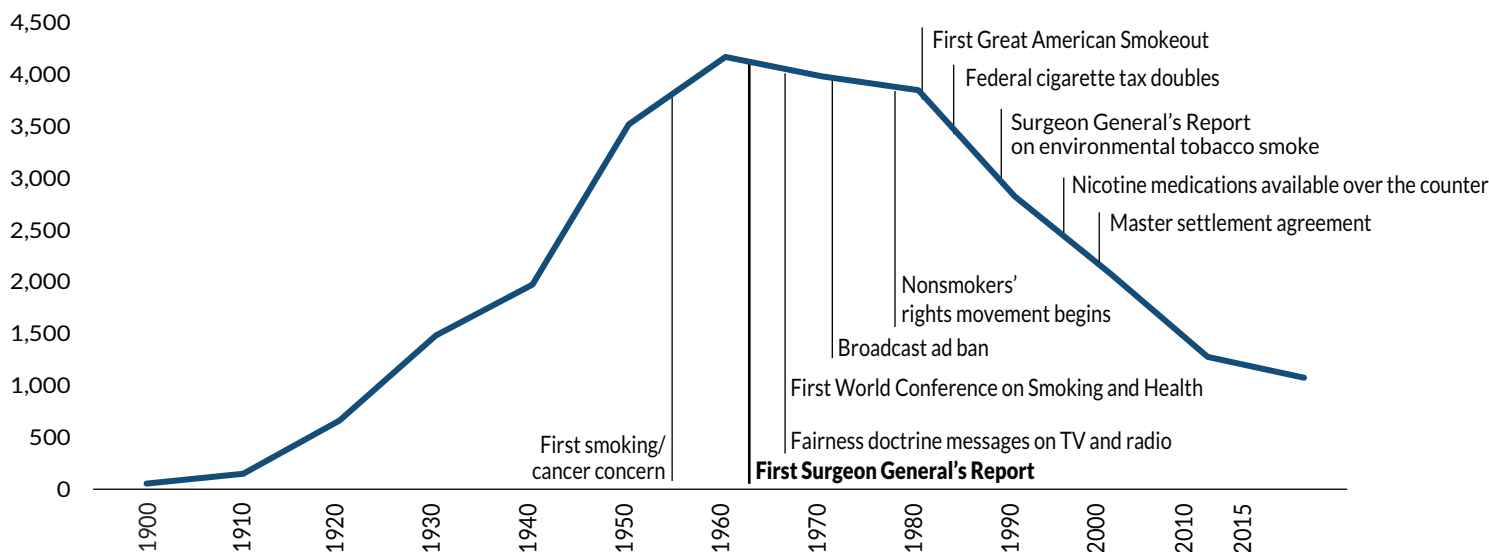
Should domestic or international governments deem excessive alcohol use a bona fide threat to national productivity, one could reasonably anticipate future policies that incentivize curbed consumption.

American awareness

Despite widespread headline warnings of alcohol's potential harms, as of 2021, more than two-thirds of Americans were still unaware that alcohol increases cancer risk.⁶

Should awareness of harmful health outcomes increase, one could reasonably anticipate fewer people will start drinking or more people will curb their drinking. Should this come to fruition, it could mirror the consumption pattern of cigarettes in the U.S. after the surgeon general's first report linking it to cancer in 1964.⁷ Unsurprisingly, given time, American consumers have responded when products are linked with cancer, and we may already be seeing this response in young adults.

Annual adult per capita cigarette consumption and major smoking and health events: U.S. 1900–2015



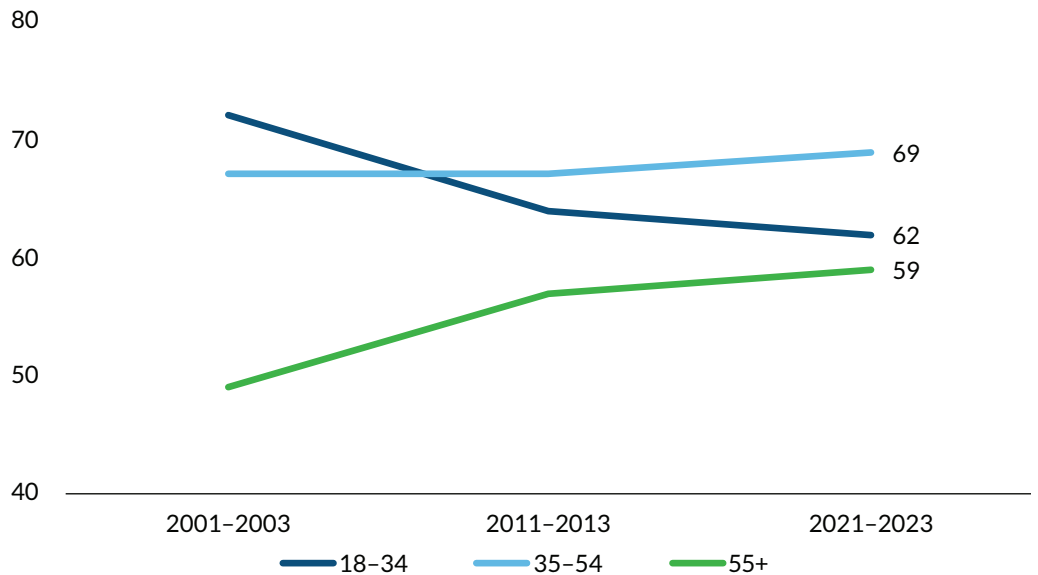
Young adults in the U.S. today **drink less** than older generations drank at the same age.

Generational shifts: The kids are alright

Young adults in the U.S. today drink less than older generations drank at the same age.⁸

- Only 62% of adults younger than 35 say they drink—down from 72% two decades prior.
- The number of young adults who say they've had a drink within the past week has also fallen in the past two decades (6 percentage points, from 67% to 61%).
- Young adults average 1.6 fewer drinks per week (3.6) than two decades ago (5.2).

Shifts in Americans' alcohol consumption by age (% who drink)



Possible explanations for this shift are threefold.

1. **Demographics.** On average, non-white young adults drink less than white adults, and younger generations are increasingly ethnically diverse.
2. **Recreational cannabis.** As alcohol use among young people has decreased, marijuana use has increased, and it is possible consumers are leaving Chardonnay and Chianti for cannabis.
3. **Health concerns.** As the evidence previously mentioned suggests, even moderate use of alcohol is negative for health outcomes, and young adults are rapidly taking note (52% held this view in 2023, up from 34% in 2018).

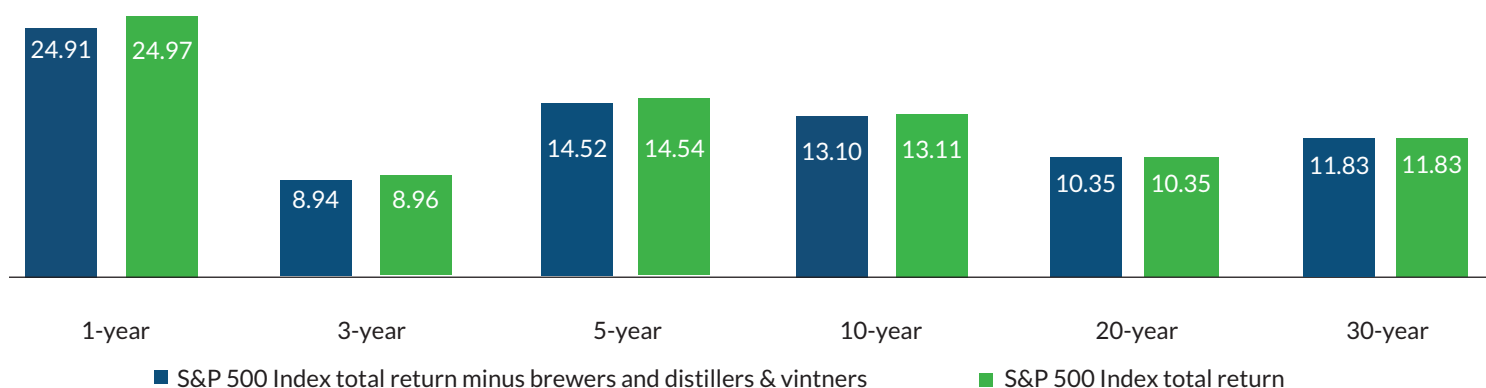
Should generational alcohol demand continue to decline, one could reasonably expect this to affect the industry negatively.

What's at stake for investors?

Diversification is a central pillar of modern portfolio management—allocating investment dollars across geographies, security types, sectors, and industries. Does screening out alcohol negatively impact the benefits of diversification on total return?

Turns out, selectively removing specific alcohol sub-industries may only have a marginal impact on overall performance. Compare the total return of the S&P 500 Index, representative of large U.S. equities, across a variety of time periods, with and without two of its sub-industries: brewers and distillers & vintners. The maximum difference in performance across any of the time periods was six basis points. By virtually any standard, that's a small price to pay to align your investments with your core beliefs.

S&P 500 total return (%) with and without alcohol sub-industries



Conclusion

There is nothing wrong with having a drink, at least according to Jesus' act of supplying the demand created by wedding guests in John 2. And whether it is morally wrong to own an alcohol company in your portfolio could obviously be debated. But as values-based investors, our role is to ask ourselves not what is convenient or permissible, but what is best.

At Crossmark, we seek to avoid companies whose products hinder our society by harming their customers, one purchase at a time. The evidence of alcohol's damage to our society's physical, mental, and financial health is mounting. Consumers are taking notice. Perhaps investors should, too.

Notes:

- 1 Alcohol and Cancer Risk 2024: The U.S. Surgeon General's Advisory. U.S. Department of Health and Human Services. (n.d.). <https://www.hhs.gov/sites/default/files/oash-alcohol-cancer-risk.pdf>
- Islami, F., Marlow, E.C., Thomson B., et al. Proportion and number of cancer cases and deaths attributable to potentially modifiable risk factors in the U.S., 2019. *CA Cancer J Clin.* July 11, 2024;doi:10.3322/caac.21858. Esser, M.B., Sherk, A., Liu, Y., Henley, S.J., Naimi, T.S. Reducing Alcohol Use to Prevent Cancer Deaths: Estimated Effects Among U.S. Adults. *Am J Prev Med.* 2024 Apr;66(4):725-729. doi: 10.1016/j.amepre.2023.12.003. PMID: 38514233; PMCID: PMC10963036.
- 2 Rabin, R.C. (2025, Jan. 1). The Battle over What to Tell Americans About Drinking. *The New York Times.* <https://www.nytimes.com/2025/01/01/health/alcohol-dietary-guidelines.html>
- 3 WHO (2024, June 28). Alcohol. World Health Organization. <https://www.who.int/news-room/fact-sheets/detail/alcohol>
- 4 National Institute on Alcohol Abuse and Alcoholism (2024). Alcohol use disorder (AUD) in the U.S.: Age groups and demographic characteristics. National Institute on Alcohol Abuse and Alcoholism. <https://www.niaaa.nih.gov/alcohols-effects-health/alcohol-topics/alcohol-facts-and-statistics/alcohol-use-disorder-aud-united-states-age-groups-and-demographic-characteristics>
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- 6 Seidenberg, A.B. et al. Awareness of Alcohol as a Carcinogen and Support for Alcohol Control Policies. *American Journal of Preventive Medicine*, Vol. 62, Issue 2, 174-182. Most Americans Still Unaware that Alcohol Is a Cause of Cancer. (2022b, Feb. 16). American Institute for Cancer Research. <https://www.aicr.org/news/most-americans-still-unaware-that-alcohol-is-a-cause-of-cancer/>
- 7 CDC. (2019). Achievements in Public Health, 1900-1999: Tobacco Use - U.S., 1900-99. <https://www.cdc.gov/mmwr/preview/mmwrhtml/mm4843a2.htm>
- 8 Saad, L. (2023, August 22). Young Adults in U.S. Drinking Less Than in Prior Decades. <https://news.gallup.com/poll/509690/young-adults-drinking-less-prior-decades.aspx>

About Crossmark Global Investments

Crossmark Global Investments is a faith-based investment management firm that creates and manages values-based investment strategies with a goal of providing performance excellence for financial intermediaries and their clients. Founded in 1987, the firm specializes in developing tailored solutions and has a rich history of inspiring and equipping its clients to align their investments with their values. For more information, visit crossmarkglobal.com.

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