



**Florida Baptist Foundation**  
**Disclosure Information for Participants**  
**January 2017**

This Information for Participants describes the availability of certain Common Investment Funds and portfolios, and the terms and conditions under which Florida Baptist Foundation (FBF) offers its investment services to Baptist and other qualifying charitable organizations. This Information for Participants is given in compliance with the Philanthropy Protection Act of 1995, and is addressed only to organizations in the categories described below (*see "Eligible Participants"*). This Information for Participants is not intended to be distributed to any other person or entity, or for any other purpose. *There are certain investment risks associated with participation in the Investment Funds as described in this Information to Participants.*

**THIS INFORMATION STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**THE FLORIDA BAPTIST FOUNDATION IS NOT REGISTERED AS AN INVESTMENT ADVISER AND DOES NOT PROVIDE INVESTMENT ADVICE TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS DESCRIBED HEREIN. INVESTMENT ADVICE, IF ANY, TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS IS PROVIDED BY SEPARATELY COMPENSATED THIRD PARTY INVESTMENT ADVISERS WHO ARE REGISTERED UNDER FEDERAL AND/OR STATE LAW OR ARE EXEMPT FROM SUCH REGISTRATION.**

**Who is the Florida Baptist Foundation?**

The Florida Baptist Foundation (FBF), a nonprofit corporation, was incorporated in 1947, as the Trust and Investment Agency of the Florida Baptist State Convention. The Foundation is organized under Chapter 617, Florida Statutes, and exists and operates within the meaning of Section 501(c) (3) of the Internal Revenue Code (the "Code"). The Foundation manages church investment funds, endowments, charitable gift annuities and long-term funds for ministries of Florida Baptists and such other qualified charitable trusts or entities, which may or may not be affiliated with a Baptist Convention, the funds of which the Board of Trustees of the Foundation determines it will receive and administer. The Foundation staff includes professionals for fund management, stewardship, planned giving, trust administration and church finance.

## What is the purpose of the Florida Baptist Foundation?

The purpose of the Foundation is to encourage, facilitate, manage and distribute gifts, trust earnings and financial resources for the advancement and benefit of Florida Baptists' mission and ministry efforts within Florida, other states and around the world.

The priorities of the Foundation are to promote Christian stewardship, assist with the planning and implementation of charitable gift arrangements and manage assets entrusted to the Foundation to provide perpetual support for Florida Baptist Churches and/or mission and ministry efforts of Florida Baptists.

The Foundation encourages faithful stewardship by:

- ❖ Managing funds entrusted to it in an effective and socially responsible manner,
- ❖ Educating people in appropriate Christian estate stewardship and financial management techniques,
- ❖ Providing trustee services to facilitate good financial management,
- ❖ Encouraging individuals to be good Christian stewards,
- ❖ Educating individuals about tax effective means of contributing to Baptist causes while maintaining an income stream for themselves or their family or friends,
- ❖ Striving for excellence and continuous improvement in its operation,

In the fulfillment of this mission the Foundation seeks to serve all Florida Baptist Churches and Institutions by offering investment opportunities that are socially screened and diversified in ways that an investor may not otherwise be able to achieve. The Foundation also seeks to build endowments for Florida Baptist Churches, Institutions and future Baptist ministries at state, national and worldwide levels through development and planned giving services.

## Who can invest with the Florida Baptist Foundation?

The Foundation manages funds for any investor who is recognized as exempt from federal income tax under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and falls into one, or more, of the following categories of **Eligible Participants**: (i) Baptist churches, agencies, commissions, foundations, associations and institutions affiliated with the Florida Baptist Convention or the Southern Baptist Convention; or (ii) a trust with either its total remainder or its income for a predetermined period designated for charitable organizations in accordance with IRS guidelines and at least one-half the distribution designated to be made to a Baptist institution, agency, commission, association or church affiliated with the Florida Baptist Convention or the Southern Baptist Convention; or (iii) such other qualified charitable trust or entity, which may or may not be affiliated with said Baptist Conventions, the funds of which the Board of Trustees of The FBF determines it will receive and administer.

## What are the risks?

Investing in the securities markets, whether domestic or international, involves risk of possible loss of principal and/or income. Even though the Foundation believes long-term investment of these Funds will result in positive rates of return, there is no guarantee of such written or implied. Past performance is no guarantee of future performance.

**Note: The value of portfolios and Funds will fluctuate. An investing organization should consult its own advisors regarding risks, rewards and other aspects of investing in any Fund made available through the Foundation.**

## **What are the investment options with The Florida Baptist Foundation?**

The FBF offers a choice of two common investment funds (the “Funds”); each managed by professional investment managers. For investors requiring exposure to specific sectors of the market, where appropriate, the Foundation may offer access to specialized portfolios. The following is a summary of the various options available to Participants with the FBF.

### **FBF Opportunity Fund - (Fund Balance as of 12/31/16, w/o Accrued Interest = \$ 32,584,843.66)**

The objective of the FBF Opportunity Fund is to provide a reasonable level of current income and simultaneously to protect the purchasing power of the principal against inflation. The long-term goal is 7% per year, and the current allocation is: 39.92% equities, 36.28% fixed income, 12.07% special opportunities and 11.73% cash. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation. (See Addendum A for 12/31/16-Opportunity Fund allocations)

### **FBF Stability Fund - (Fund Balance as of 12/31/16, w/o Accrued Interest = \$ 21,050,082.17)**

The FBF Stability Fund’s objective is current income and preservation of nominal capital, with a long-term goal of 5% per year. The Fund is primarily invested in government and corporate bonds, church loans and common stocks. The fund allocation is currently 76.60% fixed income, 12.86% equities, 2.87% special opportunities and 7.67% cash. The Fund is designed for investors whose main objective is current income. (See Addendum B for 12/31/16- Stability Fund allocations)

The investment managers for each of the Foundation investment disciplines are currently as follows:

#### **Fixed Income Managers**

Weaver C. Barksdale & Associates  
Church Loan Program

#### **Equity & Special Opportunities Managers**

Baird Asset Management  
Brandes International  
Wakefield Asset Management  
Eventide Gilead Fund  
Driehaus Capital Management, LLC  
DFA US Social Core  
DFA Emerging Markets  
DFA International Social Core  
Reinhart Partners  
SSI Investment Management  
Stonebridge Advisors

The Foundation reserves the right to change any or all investment managers at any time without notice to participants.

Fidelity Investments provides custodial services for the Funds invested through the Foundation. Administration and reporting to investors is provided by FBF. Details regarding any of the foregoing can be obtained through the Foundation office.

### **How does the Foundation select investments for social responsibility?**

The FBF, responding to the Biblical challenge of responsible stewardship, calls for conscious investment decisions consistent with Christian moral and ethical principles of Florida Baptists. In accordance with Christian moral and ethical principles of Florida Baptists, the investment objectives for the Funds must be pursued with consideration for the Christian moral and ethical implications of investing. The Foundation encourages investment in those corporations that promote the common good and avoids investment in companies whose principal business activities are inconsistent with Christian moral and ethical principles of Florida Baptists.

### **Who is involved in Funds management for the Foundation?**

The FBF is governed by a 21 member Board of Trustees elected at the annual session of the Florida Baptist State Convention. The Trustees are elected to serve for three-year terms. The Board meets twice annually and also acts through an Executive Committee. The Foundation has a standing staff committee on Investment Review and a standing Trustee Investment Committee on investment and endowment management, composed of members chosen for expertise, experience and inclusiveness. This Trustee Committee, together with the Foundation staff Investment Review Committee and the Foundation's investment advisor, Oak City Consulting, reviews investment policy and evaluates the performance of the various investment managers.

### **What does it cost to invest with the Foundation?**

The FBF does not receive funding for any services through the Cooperative Program. The FBF seeks to keep the costs to its Participants as low as possible. The administrative overhead costs are shared proportionately among each of the accounts under management. Those costs are charged directly to and paid out of the assets of each respective common investment Fund. Currently, the FBF charges the common investment Funds a cost recovery fee for its administrative and accounting services. The Stability Fund is charged (.99%) and the Opportunity Fund is charged (1.35%). Individually managed accounts are charged separately based on assets and services. The FBF fee does not include investment manager charges which are reflected in the unit value of the pool's investments.

### **How does an organization invest with the Foundation?**

Each organization wishing to invest in one or more of the Foundation Funds or portfolios described above must sign an Investment Management Agreement and complete a Participant Application. Once the signed Agreement, completed Application, and assets are received in the Foundation office, investments are made in the desired Fund(s) or portfolio(s). All investments made pursuant to the Agreement will be held in the name of the Foundation (or such other entity selected by the Foundation) as nominee for the Participant, with actual ownership of the investments remaining in the Participant. Each Participant is responsible for choosing one or more of the Funds and/or portfolios into which it wishes to direct its investment. Further, each investment manager utilized by the Foundation with respect to Participant assets

is to be considered as acting for each Participant for whose benefit the investment manager has invested assets.

Each Participant will be assigned an interest (an "Ownership Interest") in the assets of each chosen Fund or portfolio reflecting the pro rata interest of the Participant in the assets of the particular Fund or portfolio. The value of a Participant's Ownership Interest may fluctuate as the value of the particular Fund or portfolio changes. Purchases and withdrawals may be made in the form of check or wire transfer.

### **When may purchases or redemption occur?**

The assets are valued on the last business day of each month and a net asset value of the Ownership Interests in the assets of each of the Funds is calculated.

Purchase or redemption of Ownership Interests in the assets of the FBF Common Fund may be processed at any time upon receipt of written notice.

Ownership Interests in the assets of other Funds may be purchased or redeemed at net asset value at month end, provided that written notice has been received at the Foundation office at least thirty (30) calendar days before such month end. Any proper request for redemption for all Funds are disbursed by the 15<sup>th</sup> business day following each month end evaluation date.

In order to protect the assets of the Fund, timing of redemptions of \$1,000,000 or more within a calendar month shall be negotiated with the Foundation as large redemptions may impact the Fund. Further information including current portfolio size, performance, fees, and updates of this information for participants, can be obtained from the Foundation office.

**Florida Baptist Foundation  
1320 Hendricks Avenue, Suite 2  
Jacksonville, Florida 32207  
Phone (904)346-0325  
(800) 780-0325**

---

---

**ADDENDUM “A”**  
**Summary of Portfolio Structure and Manager Objectives**

**FLORIDA BAPTIST FOUNDATION**  
**OPPORTUNITY FUND**

**Current Investment Consultant:**

**Current Aggregate Fund Assets: Approx.**

**Oak City Consulting**  
 Ross Roggensack

**\$ 32,654,813.00** (December 31, 2016)

**Church Loan Program**  
 Florida Baptist Foundation

**Investment Management Structure as December 31, 2016:**

<u>Asset Allocation</u>	<u>Manager Names</u>	<u>Assets-Approx.</u>	<u>Style</u>	<u>Benchmark</u>
6.98%	Baird Asset Mgt.	\$ 2,279m	Small Cap Value	R2500V Index
2.95%	Wakefield Asset Mgt.	\$ 963m	Large Cap Core	S & P 500 Index
2.32%	Eventide Gilead Fund	\$ 758m	Mid Cap Growth	R Mid Cap Growth Index
0.65%	Driehaus Micro Cap Growth	\$ 212m	Micro Cap Growth	R MicroCap Growth Index
3.62%	DFA U.S. Social Core	\$ 1,182m	All Cap Core	R3000G Index
8.22%	Reinhart Partners	\$ 2,684m	Mid Cap Value	R Mid Cap Value Index
7.03%	SSI Invest. Mgt.	\$ 2,296m	Convertible Equity	ML Conv. Index
4.05%	Church Loan Program	\$ 1,323m	Church Loans	
2.32%	Enhanced Cash	\$ 758m	Fixed Income	90-day T Bills
6.34%	DFA Intl. Social Core	\$ 2,070m	International Equity-xUSA	MSCI WxUSA
5.86%	DFA Emerging Mkts.	\$ 1,914m	International Equity-Core	MSCI Emg. Mkt.
2.98%	Brandes International	\$ 973m	International Equity-Value	MSCI EAFE-Value
29.91%	Weaver C. Barksdale Assoc.	\$ 9,767m	Fixed Income	BC 1-5yr. Govt./Credit
4.44%	Stonebridge Advisors	\$ 1,450m	Preferred's	ML Preferred Index
0.60%	Gold (GLD)	\$ 196m	Gold	
11.73%	Cash Account	\$ 3,830m	Money Market	
<b>100.00%</b>	<b>Total</b>	<b>\$32,655m</b>		

Where:

- S&P 500 is the Standard & Poor's 500 Index.
- R Mid Cap Growth is the Russell Mid Cap Growth Index
- R Micro Cap Growth is the Russell Micro Cap Growth Index
- R2500V is the Russell 2500 Value Index.
- R3000G is the Russell 3000 Growth Index.
- R Mid Cap Value is the Russell Mid Cap Value Index.
- ML Con. Index is the Merrill Lynch Convertible Equities Index.
- MSCI International Social Core is the Morgan Stanley Int. World ex. USA Index
- MSCI EAFE-Value is the Morgan Stanley Int. Europe, Australasia & Far East- Value Index.
- 90-Day Treasury Bills.
- BC 1-5yr. G/C is the Barclay 1-5year Government/Credit Bond Index.
- ML Preferred is the Merrill Lynch Preferred Securities Index.

Total Fund composite index will be a blended market index of the following; Russell 1000 V Index, Russell 2500 V Index, Russell Mid Cap V Index, Russell 3000G Index, MSCI EAFE-Value, MSCI Emerging Market Index, MSCI World ex. USA Index, ML Conv. Index, Merrill Lynch Preferred Fixed Rate Index, S&P 500 Index, 90 – Day Treasury Bills and Barclay 1-5yr. Govt. / Credit Bond Index in the same asset mix of the portfolio. The mix is adjusted based on changes in the portfolio.

**Total Fund Asset Allocation Guidelines**

<b>Asset Class</b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>	<b><u>Preferred</u></b>
<b>Total Equities</b>	30%	70%	50%
<b>Non-U.S. Equities</b>	0%	30%	10%
<b>Fixed Income</b>	30%	70%	40%
<b>Managed Futures</b>	0%	10%	5%

## ADDENDUM “A”

### Summary of Portfolio Structure and Manager Objectives

#### FLORIDA BAPTIST FOUNDATION

### STABILITY FUND

The following is information as of December 31, 2016

**Current Investment Consultants:**

**Oak City Consulting**

Ross Roggensack

**Church Loans**

Florida Baptist Foundation

**Current Aggregate Fund Assets: Approx.  
Incl. Accrued Interest**

**\$ 21,098,146.00** (December 31, 2016)

**Investment Management Structure as of December 31, 2016:**

<u>Asset Allocation</u>	<u>Manager Names</u>	<u>Assets-Approx.</u>	<u>Style</u>	<u>Benchmark</u>
2.80%	Baird Asset Mgt.	\$ 591m	Small Cap Value	R2500V Index
2.89%	Wakefield Asset Mgt.	\$ 610m	Large Cap Core	S & P 500 Index
2.93%	Reinhart Partners	\$ 618m	Mid Cap Value	R MidCapV Index
0.76%	DFA Emerging Mkts.	\$ 160m	International Equity-Core	MSCI Emg.Mkt.
2.33%	DFA Intl. Social Core	\$ 491m	International Equity-xUSA	MSCI WxUSA
1.15%	Brandes International	\$ 243m	International Equity-Value	MSCI EAFE-V
46.79%	Weaver C. Barksdale Assoc.	\$ 9,872m	Fixed Income	BC1-5yr.Gov/Cred
2.87%	Stonebridge Advisors	\$ 605m	Preferred Equities	ML Pref. Index
2.79%	Enhanced Cash	\$ 589m	Fixed Income	90-Day T. Bills
27.02%	Church Loan Program	\$ 5,701m	Church Loans	
<u>7.67%</u>	Cash	<u>\$ 1,618m</u>	Money Market	
<b>100.00%</b>	<b>Total</b>	<b>\$ 21,098m</b>		

Where:

- S&P 500 is the Standard & Poor’s 500 Index.
- R2500V is the Russell 2500 Value Index.
- R Mid-Cap V is the Russell Mid-Cap Value Index.
- MSCI EAFE-V is the Morgan Stanley Int. Europe, Australasia & Far East Cap. Net.
- MSCI Emerging Market Index is the Morgan Stanley Int. Emerging Markets Index.
- MSCI World x USA is the Morgan Stanley World Market, minus USA Index.
- BC 1-5yr. G/C is the Barclay 1yr.-5yr. Government/Credit Bond Index.
- ML Pref. is the Merrill Lynch Preferred Securities Index.
- 90 – Day Treasury Bills.

The Total Fund composite index will be a blended market index of the following; Russell 1000V Index, Russell 2500V Index, Russell Mid-Cap V Index, S & P 500 Index, MSCI Emg. Market Index, MSCI EAFE-V Index, MSCI World ex USA, Merrill Lynch Preferred Fixed Index, Barclay Credit Intermediate Government / Credit Bond Index and 90-Day T. Bills in the same asset mix of the portfolio. The mix is adjusted based on changes in the portfolio.

**Total Fund Asset Allocation Guidelines (including allocation for church loans)**

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
<b>Total Equities</b>	0%	25%	16%
<b>Non–U.S. Equities</b>	0%	4%	4%
<b>Managed Futures</b>	0%	5%	5%
<b>Fixed Income</b>	35%	60%	40%
<b>Church Loans</b>	30%	40%	40%