



Georgia Baptist
Foundation

Planned Gift Investment Policy Statement

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The Georgia Baptist Foundation, Inc. was incorporated in 1941 as a 501(c) (3) organization to support the ministries and churches of the Georgia Baptist Mission Board with the objective of advancing the gospel of Jesus Christ by serving as the trust agency for the Georgia Baptist Mission Board. The Foundation manages endowment, trusts, charitable funds, and planned gifts through prudent, dependable and competitive fiduciary services consistent with the highest Christian ideals of faithful stewarding.

Scope

This document establishes the Investment Policy for the planned gift agreement accounts “Funds” of the Foundation and is designed to assist in effectively supervising, monitoring and evaluating the investment of the Funds under management. The Board of Trustees “Trustees” has arrived at this Investment Policy through careful study of a range of investment strategies in relation to the current and projected distribution requirements of the Funds. This Investment Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Funds which are described in the “Investment Objectives” section of this document; however, the Trustees shall be free to deviate from this Investment Policy when it concludes that it is prudent and in the interest of the Foundation, the income recipients, or the ministries it supports to do so and may amend the Investment Policy at any time. The Trustees acknowledge the fiduciary responsibility it has to the income recipient and remaining charitable beneficiary and seeks to manage the Funds in a way that takes into consideration the income, growth and capital preservation needs of the Funds.

In addition to the Investment Policy defined herein, the management of the Funds will be in compliance with all applicable laws. This policy is subject to change and may be revised by the Board of Trustees of the Georgia Baptist Foundation, Inc.

Purpose

The purpose of this policy is to outline the Foundation’s philosophy and worldview that will guide the investment management of the Funds and is set forth by the Trustees to:

1. Define and assign the responsibilities of all parties



2. Establish a clear understanding of the general investment objectives and principles
3. Establish guidelines for the investment of the Funds in its care

Delegation of Authority

The Board of Trustees as the fiduciary is responsible for directing and monitoring the management of the Funds. The specific responsibilities of the Board of Trustees relating to the investment management of the Funds' assets include:

1. Establishing an Investment Policy to oversee the management of the Funds- identifying and reviewing investment objectives, permitted investments, asset allocations and risk/reward profile for the Funds
2. Selecting and terminating the relationship with qualified investment professionals to manage the Funds, including but not limited to Investment Adviser(s), Investment Manager(s), and Custodian(s)
3. Consideration of the use of alternative investments that would be subject to an approved addendum to this policy for special circumstances outside the scope of the customary gift agreements

The Trustees are authorized to delegate certain roles and responsibilities. In addition, each person responsible for managing and investing the Funds shall comply with the duty of loyalty imposed by law and manage and invest the Funds in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. These roles and responsibilities include:

INVESTMENT ADVISER

The Investment Adviser's role is to provide guidance on matters pertaining to the investment of the Funds' assets including: investment policy development; asset allocation; investment manager selection and oversight; investment performance monitoring; Fund distributions; and compliance with the Investment Policy. The Investment Adviser, in carrying out the Investment Policy defined in this document, has authority and responsibility to select appropriate investments in the specific asset classes mandated by this Investment Policy, in accordance with the terms of an investment management agreement between the Foundation and the Investment Adviser. The Investment Adviser has discretionary authority to manage all assets of the account and to act directly in the purchase, redemption or sale of interests, in separately managed accounts, unified managed accounts, mutual funds, private investment funds or individual securities. The Investment Adviser shall vote proxies for separately managed account assets on behalf of the Foundation.

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INVESTMENT MANAGER

The manager has discretion to buy, sell or hold specific securities used to meet the Fund's objectives. The manager should report to the Investment Adviser any major changes to outlook strategy, or any qualitative change to the organization (personnel, ownership, philosophy, etc.).

CUSTODIAN

The custodian is responsible for the safekeeping of the Funds, and the duties include maintaining separate accounts, providing daily values (whenever possible), collecting dividends and interest, settling all transactions, and making account statements available at least quarterly.

Investment Objectives & Risk Tolerance

The investment objective and risk tolerance of the Funds will vary based on the type of gift and/or gift instrument; the age of the income recipient; payment requirements of the instrument; the term of years of the agreement; and the needs of the income recipient and remaining charitable beneficiary. The overarching investment objective of the Funds is to provide long term growth of capital to benefit charitable beneficiaries, to meet the income objective of the gift agreement through income generation or total return on investment, while safeguarding the capital of the original gift. Another consideration and objective of the Fund is to prudently manage risk by diversifying investments in a manner that lowers overall volatility. The Trustees recognize the possibility of principal loss due to the fluctuation of asset values and understand that such loss may impact both the income beneficiary and remaining charity. The Funds will be managed in a manner that seeks to minimize principal fluctuations over time while seeking to achieve its overall investment objectives. Though the Trustees are not required to do so, the Trustees recognize that risk is best minimized through diversification of assets, and will generally diversify the investment of the Funds.

Investment Guidelines

Investments in the selected asset classes may be made either in the form of direct holdings of securities (using separately managed accounts or unified managed accounts), or through commingled or other pooled portfolio vehicles such as mutual funds, group trusts, or other similar structures. The various types of commingled vehicles are governed by their respective offering documents or prospectus. At the same time, the Foundation will seek to utilize commingled vehicles which generally comply with the restrictions noted below. The total portfolio should represent a diversified blend of asset classes and investment strategies including, but not limited to: public equity, fixed income and cash.

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FIXED INCOME

The following definitions should be used to define the various fixed income segments that the Foundation includes in its strategy:

US Aggregate Bonds consist primarily of investment grade, US Dollar denominated government, corporate, mortgage and asset backed securities.

1. Fixed Income Holdings - Bond Diversification and Quality Criteria
 - a. Marketable issues are desired so that the portfolio can be actively managed;
 - b. Bond holdings are expected to be well diversified across the permitted universe;
 - c. Quality: 90% of the portfolio will be Bank Investment Grade; the remaining 10% must have a Moody's or Standard & Poor's rating no lower than B2 or B.
2. Fixed Income Holdings - Turnover
 - a. Bonds may be actively managed;
 - b. Active management is meant to include altering the average coupon yields, shifting maturity schedules, "swapping", and such other prudent strategies which enhance the income or quality of the portfolio or decrease the risk.
3. Fixed Income Holdings - Bond Investment Universe

The following security categories are generally permissible investments for the fixed income portion of the portfolio:

- a. Debt securities issued or guaranteed by the United States Government or its agencies (including U.S. Government Agency mortgage-backed securities and Small Business Administration securities);
- b. Corporate bonds, debentures, and other forms of corporate debt obligations, including equipment trust certificates;
- c. Indexed notes;
- d. Yankee Bonds;
- e. Debt securities issued by foreign governments provided they meet the quality criteria of Para. 1;
- f. U.S. Municipalities;
- g. AAA - rated Asset Backed Securities are permitted with a maximum duration of 3 years;
- h. Student Loan backed securities including Sallie Mae bonds are not permitted.



4. Cash Equivalent Holdings – Diversification

Excluding debt obligations of the U.S. Government or its agencies, or the Investment Advisor short-term reserve fund, no single issue may exceed 10% of the market value of the total account.

5. Cash Equivalent Holdings - Universe

The following short term investment vehicles are acceptable:

- a. All obligations issued or guaranteed by the U.S. Government or its agencies;
 - b. Commercial paper rated A1 by Standard & Poor's and P1 by Moody's;
 - c. Certificates of Deposit - only of banks or savings and loan institutions with listed deposits in excess of \$500 mm (excluding the custodian bank) in the United States in terms of total assets;
 - d. Custodian bank short term reserve funds which meet the diversification and quality criteria set forth by the Controller of the Currency;
 - e. No-load money market mutual funds;
 - f. Euro-dollar CD's;
 - g. Bankers Acceptances.
6. Securities of the investment adviser, investment manager, the custodian, their parent, or subsidiaries are not permitted unless approved in writing by the President of the Georgia Baptist Foundation (excluding short term reserve funds).
7. Performance measurement will include the following:
- a. Each fixed income manager will be measured against an appropriate index.
 - b. Each fixed income manager will be ranked against a universe of managers using the same investment style.
8. No more than 5% at market of any manager's portfolio may be held in the securities of a single corporate issuer. This restriction does not apply to securities issued by the U.S. Government or Investment Grade foreign governments or those backed by the full faith and credit of such governments.
9. Derivative instruments may be utilized by a manager in order to obtain more efficient exposure to a specific type of security. However, at no time, may derivative instruments be used to leverage the portfolio. In addition, it is expected that a manager will thoroughly test the behavior of the derivative instrument under a variety of market conditions before purchasing the security for the portfolio.



10. A manager may only deviate from these guidelines with advance written permission of the President of the Georgia Baptist Foundation.

DOMESTIC EQUITIES

The following definitions should be used to define the various equity segments that the Foundation includes in its domestic equity asset allocation strategy:

U.S. LARGE CAP EQUITY: Listed equity securities traded on US markets with market capitalization greater than or equal to \$5 billion.

U.S. MID CAP EQUITY: Listed equity securities traded on US markets with market capitalization between \$1 billion and \$5 billion.

U.S. SMALL CAP EQUITY: Listed equity securities traded on US markets with market capitalization less than \$1 billion.

1. Cash equivalent holdings in excess of withdrawal needs (approximately 5%) should be avoided. However, managers may increase cash assets in the portfolio if, in their professional judgment, market conditions so warrant. The manager shall inform the Adviser of this decision.
2. Equity Holdings - Diversification and Quality Criteria
 - a. The market value of any one company holding shall not exceed 10% of the total market value of equities held in the portfolio of a specific manager.
 - b. Diversification by industry is expected such that no single industry generally exceeds 25% of the total market value of the portfolio of a specific manager.
 - c. Securities which are broadly classified as institutional quality issues - regardless of whether or not they are listed on a recognized stock exchange - are eligible for inclusion in the portfolio.
 - d. Convertible issues are suitable for use as investment vehicles if the quality rating conforms to the intent of these guidelines.
3. Equity Holdings - Turnover

If performance results meet objectives, the rate of turnover will not be a factor in manager evaluation.
4. Equity Holdings - Universe

The following security categories are permissible equity investments:

- a. Common stocks;



- b. Securities convertible into common stock;
 - c. Common stocks of foreign companies, if listed on a major U.S. securities exchange;
 - d. Equity securities of foreign companies listed on any U.S. or foreign securities exchange (applies only to foreign equity managers);
 - e. ADRs, EDRs, and GDRs;
 - f. ETFs;
 - g. REITs;
 - h. Preferred stocks.
5. The following are not permitted unless approved in writing by the Foundation
- a. Short sales;
 - b. Put and Call Options.
 - c. Margin purchases, or borrowing or lending money;
 - d. Letter stock, private placement, or direct placements;
 - e. Commodities or futures of any type;
 - f. Real estate or mortgages, except to the extent directed by the Board of Trustees;
 - g. Common stock of foreign companies, except as permitted in Para. 4.c (applies only to domestic equity managers).
6. Securities of the investment adviser, investment manager, the custodian, their parent, or subsidiaries are not permitted unless approved in writing by the President of the Georgia Baptist Foundation.
7. Performance measurement will include the following:
- a. Each equity manager will be measured against an appropriate index.
 - b. Each equity manager will be ranked against a universe of managers using the same investment style.
8. Managers are expected to hold only securities that are marketable on a day to day basis. Private placements, restricted stock and other unregistered securities may not be purchased.
9. Derivative instruments such as financial futures and options may not be used.
10. A manager may only deviate from these guidelines with advance written permission of the President of the Georgia Baptist Foundation.



INTERNATIONAL EQUITIES

The following definitions should be used to define the various equity segments that the Foundation includes in its international equity asset allocation strategy:

INTERNATIONAL DEVELOPED EQUITY: Listed equity securities traded on developed non-U.S. markets. Developed markets are defined as those included in Morgan Stanley's Europe, Australasia, and the Far East (EAFE) benchmark.

1. The international equity portfolio will be diversified according to country, economic sector, industry, number of holdings and other investment characteristics.
2. No more than 7% at cost or 10% at market of a manager's portfolio may be held in the securities of a single issuer.
3. Managers must hold securities in a minimum of five countries at all times.
4. Currency exposure may only be hedged back to the US dollar. The decision to hedge is left to the manager's discretion.
5. Short selling is prohibited, unless approved by the Investment Committee of the Trustees.
6. A manager may only deviate from these guidelines with advance written permission of the President of the Georgia Baptist Foundation.

Screening

The Georgia Baptist Foundation strives to invest in such a way that we do not profit from the immorality of the world, yet knowing that in the complexities of the world, perfect avoidance is impossible. We commit to using investment screens to generally prohibit stocks and bonds of companies that significantly profit from the immorality of the world. The Funds will not invest in any company that is publicly recognized as being in the liquor, tobacco, gambling, pornography, or abortion industries.

Investment Allocation

Account Allocation

Each account of the Funds shall be invested in an investment vehicle based on the individual account's investment objective. The following investment vehicles may be utilized: mutual funds; exchange traded funds; collective trust funds; separately managed accounts; unified managed accounts; and individual securities including but not limited to money market instruments, stocks, and bonds. The actual weightings of these investments can and will



vary. When appropriate an individual account shall be invested in the planned gift Equity and Fixed Income Common Funds of the Foundation. The allocation between the Common Funds shall be determined by the investment objective of each individual account and may change based on market conditions.

Asset Allocation

Academic research suggests that the decision to allocate assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. After reviewing the performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the asset classes shown below were selected to achieve the objectives of the Equity and Fixed Income Common Funds. No guarantees can be given about future performance and this IPS shall not be construed as offering such a guarantee.

The asset class targets and ranges show the approved investment levels associated with the Common Funds’ investment objectives. Within each of these asset categories, sub asset classes and strategies, which are expected to act and react in combination, will be used. The portion of the Common Funds invested in each sub-class and strategy will change periodically to reflect Investment Advisor’s tactical investment policy so long as it is within the acceptable ranges listed. Any proposed investment changes outside these ranges must be approved by the President of the Georgia Baptist Foundation in writing prior to being implemented.

EQUITY COMMON FUND

PORTFOLIO	BENCHMARK	TARGET	LOWER LIMIT	UPPER LIMIT
EQUITY		100%		
Developed Markets				
<i>Domestic Large Cap</i>	Russell 1000	70%	50%	80%
<i>Domestic Small Cap</i>	Russell 2000	10%	0%	20%

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<i>International</i>	MSCI EAFE	20%	10%	30%
RESERVES	91 Day T-Bill	0%	0%	10%

FIXED INCOME COMMON FUND

PORTFOLIO	BENCHMARK	TARGET	LOWER LIMIT	UPPER LIMIT
FIXED INCOME		100%		
<i>Domestic</i>	Barclays Aggregate	100%	90%	100%
RESERVES	91 Day T-Bill	0%	0%	10%

ADJUSTMENT TO THE TARGET ALLOCATION

From time to time, market conditions may cause the portfolio's investments to vary from the established allocations. To remain consistent with the asset allocation guidelines established by this IPS, each broad asset class in which the Funds invests shall be reviewed by the Investment Advisor for potential rebalancing back to target or initial allocations. Investment Advisor and/or Georgia Baptist Foundation retain the discretion to not rebalance the Funds back to the target or initial allocations based on market conditions, economic events, or account activity unless expressly stated within this IPS or in writing by Georgia Baptist Foundation.

Benchmarks

The objective of the Funds is to achieve a total return, net of fees, exceeding a blended, passive benchmark comprised of the indices listed in the asset allocation table relative to the strategic target of each account.