ARKANSAS BAPTIST FOUNDATION
SERVE. ADVISE. ENCOURAGE.

DISCLOSURE STATEMENT

The Arkansas Baptist Foundation ("ABF") was established in 1949 as an incorporated agency of the Arkansas Baptist State Convention exclusively for charitable, religious, and educational purposes. ABF is a charitable organization exempt from income taxation under §501(c)(3) of the Internal Revenue Code. Contributions to ABF are deductible for income, gift, and estate tax purposes under §170(c), §170(b)(1)(A), § 2055(a), and §2522 of the Internal Revenue Code. Responsibility for governing ABF is vested in a Board of Directors comprised of members who are elected for a three-year term by the Arkansas Baptist State Convention.

As of September 30, 2026, the market value of total assets managed and under advisement by ABF was approximately $460 million. Assets are kept in safekeeping at national and regional brokerage firms or commercial banks which serve as custodians. Most financial assets are held at Merrill Lynch Wealth Management, First Security Bank, Citizens Bank and Simmons Bank. Many of the assets managed by ABF are organized as common funds. ABF staff administers these funds according to the investment guidelines outlined on Page 5 of this document which are set forth by the Investment Committee of the Board of Directors. ABF staff are assisted by the Certified Financial Planners and Certified Institutional Management Analysts of the Global Institutional Consulting group at Merrill Lynch. Assets in the common funds may be invested through professional money manager firms which adhere to the ABF investment guidelines. The guidelines are implemented to meet the investment objectives of each fund within reasonable risk levels and to guard against investment in assets which are contrary to the Baptist Faith and Message. ABF is audited annually by Landmark PLC, an independent audit firm. The audit firm selection is approved by the Directors on an annual basis.

The common funds operated by ABF include assets of charitable trusts and other specified types of accounts allowed by federal law to be jointly invested, as well as general endowment funds of Baptist churches, institutions and agencies affiliated with either the Arkansas Baptist State Convention, the Southern Baptist Convention, or other Christian evangelical charitable entities that have a primary purpose that is not inconsistent with the purposes of the Arkansas Baptist State Convention.

Net income from each common fund is distributed regularly to participating accounts. Contributions and withdrawals from each common fund are allowed at the net asset value. Some common funds place restrictions on purchases or withdrawals. There are no charges assessed in connection with contributions or withdrawals. For the specifics concerning the operation of each common fund, please read "Operation of Common Funds" within this document.

Common funds managed and utilized by ABF are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62) and are exempt from registration requirements of Arkansas state securities laws pursuant to an order given by the Arkansas Securities Commissioner.

For individuals creating charitable gift annuities, most of the information in this disclosure will not be relevant. The obligation to make the annuity payment under the charitable gift annuity agreement will be backed by (a) the contribution and all of its earnings, (b) the Gift Annuity Reserves Fund held by ABF, (c) the general assets of certain institutions and agencies benefiting from the gift if they have agreed to insure the annuity payments, and (d) the general assets of ABF.

The common funds administered, utilized, or under consideration for use by ABF are the following:

Conservative Allocation Fund seeks to provide current income and some growth to counteract inflation.

Demand Cash Fund is managed toward the objective of earning interest and maintaining a constant net asset value.

Group Bond Fund is a broadly diversified fixed income portfolio designed for total return.

Group Equity Fund is a broadly diversified equity portfolio of U.S. and non-U.S. stocks.

Moderate Allocation Fund is a broadly diversified portfolio of stocks and bonds designed for total return.

Spending Plan Fund seeks total return while counteracting inflation and distributes a pre-determined annual percentage (the "spending rate") as set by ABF's Board.

Strategic Allocation Fund is a broadly diversified portfolio of various alternative investment strategies which are designed to generate returns independent of traditional bond and stock markets.

OPERATION OF COMMON FUNDS

Demand Cash Fund:

All cash deposits are placed into a cash fund and then allowed to purchase shares of the Demand Cash Fund at $1 per share each Wednesday. All income is posted on Wednesday mornings.

All withdrawal requests must be received by Tuesday at 5 p.m. for a withdrawal the next day. All withdrawal requests will be assumed to be paid on Wednesday. Withdrawals over $250,000 may require prior notice or be delayed an additional day.

The assets in Demand Cash Fund are invested in a manner that they are covered by the Federal Deposit Insurance Corporation (FDIC) or are obligations of the United States Treasury.

All Other Funds:

All cash deposits are placed into a cash fund and then automatically swept into the appropriate fund as of the last day of each month after the fund's assets are valued. All income is posted as of the last day of each month.

All withdrawal requests must be received by 5 p.m. on the last day of the month to be considered for withdrawal as of that date. Since the fund's assets have to be valued before the income can be distributed and the withdrawal checks written, there may be a delay before funds are available.

All purchases and withdrawals are made at the then current net asset value (total market value of fund's assets divided by the number of outstanding shares).

Investments in common funds are not bank deposits and thus are not guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The common funds may own assets that are guaranteed by the FDIC, but the investment in the common fund is not guaranteed by the FDIC.

Fair Market Values as of 9/30/2026

Common Fund	Market Value
Conservative Allocation Fund	$15,907,241
Demand Cash Fund	$52,606,502
Group Bond Fund	$41,852,464
Group Equity Fund	$124,365,991
Moderate Allocation Fund	$31,509,917
Spending Plan Fund	$181,325,510
Strategic Allocation Fund	$29,304,914

Each of the common funds are invested in financial securities. ABF will take reasonable risks in seeking to accomplish the objectives of each fund. Because these investments represent investments in financial securities, the market value of the assets may fluctuate due to general market conditions and specific investments within each fund. Common funds will have varying degrees of risk due to the investment parameters of each fund. Participants may lose money in any or all funds with the exception of Demand Cash Fund. For details on the investment restrictions for each fund, see "Target Asset Allocation of Common Funds" on Page 5 of this document.

Investments in the common funds involve certain risks to the investors. These risks are summarized as follows:

1. Market Risk - the variability of return directly related to fluctuations in the financial markets.
2. Interest Rate Risk - the risk resulting from changes in interest rates.
3. Reinvestment Risk - the risk of reinvesting income and redemptions in changing interest rate environments,
4. Inflation Risk - the reduction in purchasing power due to inflation.
5. Exchange Rate Risk - the risk of changing one currency into another (applies only to foreign investments).
6. Business Risk - the risk of a company suffering losses, or profits being less than expected, because of adverse circumstances for that particular company or industry, not to the whole market.
7. Financial Risk - the risk arising from the mix of debt and equity financing. The use of debt by a company introduces this leverage risk which magnifies swings in the company's profits (increases volatility).
8. Liquidity Risk - the chance that you might not be able to sell an asset quickly for a fair price. Money market funds have very low liquidity risk, while real estate would have a high liquidity risk.
9. Default Risk - the chance that an issue will be unable to make the required payments on their debt obligations.
10. Government and Political Risk -- the risk of the collapse or devaluation of a currency, which is primarily a concern for foreign investors.

Each account holder is advised to consult their own advisors regarding the risks, tax treatment, and other aspects of investing through the Arkansas Baptist Foundation.

Cost Recovery, Operating & Investment Expenses as of 9/30/2026

ABF is a Cooperative Program ministry of Arkansas Baptists. As such, a portion of the budget of the Foundation is supplied by the Cooperative Program allocation as provided by the Arkansas Baptist State Convention (ABSC). The Foundation does not actively solicit contributions for its own use. Gifts or contributions received by the Foundation that are not designated, either specifically or by reasonable discernment of the donor's intent, for the benefit of any particular beneficiary are distributed in accordance with the ABSC Cooperative Program budget formula.

The administrative costs over and above Cooperative Program receipts and investment income are assessed to the common funds (excluding Demand Cash Fund) based on the Foundation's budget. Standard cost recovery is assessed monthly to the common funds and calculated as follows: budgeted monthly cost recovery minus segregated trustee fees equals standard monthly cost recovery. Segregated trust accounts may be charged 20 basis points (0.20%) annually of the fair market value, not to exceed $500 per month. These fees are adjusted annually based on the June 30th fair market value of the account and collected monthly. These fees are adjusted annually based on the June 30th fair market value of the account. A special cost recovery may be assessed to the common funds only if needed and is evaluated at the November board or directors meeting.

A portion of the Foundation's budget is supported by Ministry Service fees charged for services provided to Arkansas Baptists and/or the ABSC or one of its agencies, institutions, churches, or related evangelical ministries. Ministry services fees may be assessed for administration, bookkeeping, stewardship, tax preparation, and other services. Probate and Trust Estates under administration are charged $50/hour for Foundation's staff time plus expenses. ABF charges $150 plus postage per tax return prepared and $10 for each 1099 prepared. Any additional fees or expenses such as real estate taxes, mileage, scholarship program administration, etc. that are directly applicable to an account are charged to that respective account.

Ministry Support Services is an ABF ministry whereby the Foundation, in its sole discretion, may agree to assist with the financial affairs of an individual Arkansas Baptist that has chosen to leave the majority of their estate to a ministry that is consistent with the purposes of the ABSC. The Foundation only provides these services in limited circumstances. Fees for these services are as follows:

Annual Fee: $100/year – Being listed as successor financial agent, healthcare agent, or trustee
(This annual fee will not be assessed if paying monthly fees listed below.)
Level 1: $100/month – Being listed as current financial agent or trustee
Level 2: $200/month – Being listed as current financial agent or trustee with payments or distributions exceeding six (6) per year
Level 3: $300/month – Being listed as health care agent

All fees listed above are reviewed annually by ABF management and are subject to change.

The approximate investment expenses for the ABF common funds are as follows:

Conservative Allocation Fund – 0.45%
Group Bond Fund – 0.30%
Group Equity Fund – 0.40%
Moderate Allocation Fund – 0.45%
Spending Plan Fund – 0.40%
Strategic Allocation Fund – 0.60%

Target Asset Allocation of Common Funds – Approved 11/11/2021

	Fixed Income[2]	Equities[3]	Alternatives[4]
Blended Funds[1,5]			
Conservative Allocation Fund (CAF)	60%	30%	10%
Moderate Allocation Fund (MAF)	40%	60%	0%
Spending Plan Fund (SPF)	25%	60%	15%
Non-Blended Funds			
Demand Cash Fund (DCF)[6]	100%		
Group Bond Fund (GBF)[7]	100%		
Group Equity Fund (GEF)[8]		100%	
Strategic Allocation Fund (SAF)[9]			100%

[1] Due to contributions, cash flow needs, or defensive strategies, all funds may hold positions in cash or cash equivalents including but not limited to money market mutual funds, discount notes, and short-term commercial paper. The Foundation staff and investment consultants will be responsible to maintain desired managers and percentages based upon performance and any tactical decisions that are deemed helpful to the portfolio. All funds may purchase pooled investment vehicles so long as these vehicles own assets in the assigned investment class and have an average credit quality at least equal to the minimum requirement for the Fund. Pooled investment vehicles are investments where investors own shares, but do not own the underlying investments. Funds may also purchase structured products that have performance based upon an underlying index. Direct investments will not be made in companies that are perceived to derive a significant portion of their income from alcohol, tobacco, gambling, or pornography. Assets held by funds that change in nature (example: credit rating, maturity, and other) from the investment requirements described within this document may continue to be held within the funds when deemed prudent.

[2] "Fixed Income" includes primarily treasuries; insured certificates of deposit (CD's); securities including debt, mortgage-backed securities, and collateralized mortgage obligations (CMO's) issued by government, government agencies, or investment grade bonds and preferred stock – but may also include smaller positions in promissory notes and church bonds.

[3] "Equities" include primarily common stock, but may also include preferred stock, securities convertible into common stock, covered call options, and managed short positions.

[4] "Alternatives" include investments that seek to provide diversification through non-traditional, innovative, and flexible strategies that are not expected to be directly correlated to the fixed income or equity markets.

[5] The above percentages are goals for the blended funds which may vary some due to gains and losses, as well as economic trends. With regular principal cash inflows, rebalancing can be regulated in light of desired goals. However, the funds will be rebalanced at least upon a variance of 15% from the desired goal. The blended funds may also hold relatively small positions in real estate, church bonds, oil and gas leases, and other less liquid assets (most of which have been gifted to the Foundation and can be held until maturity or until sold).

[6] DCF is limited to cash, money market securities, treasuries, insured certificates of deposit (CD's) with stated maturities of no longer than two years. The goal is to provide competitive income with a fixed market price of $1 per unit.

[7] GBF has a total return objective.

[8] GEF will focus on large-cap U.S. companies including a global emphasis, but up to 25% of the fund may be invested in smaller companies and up to another 25% of the fund may be invested in international companies.

[9] SAF will include various investment strategies. Due to the flexible nature of these strategies, they may be classified as fixed income, equity, or alternative asset classes in periodic asset allocation reporting.

Common funds are managed per the above details and in conjunction with the Foundation's Investment Policies.