



THE MORAVIAN COMMON FUND

DISCLOSURE STATEMENT ADOPTED OCTOBER 24, 2020

GENERAL DESCRIPTION OF THE MORAVIAN COMMON FUND

The Moravian Ministries Foundation in America (Foundation) established the Moravian Common Fund (Common Fund) to enable the Foundation, churches, and affiliated ministries (Participants) of the Moravian Church in America to invest their endowments and permanent funds in an efficient, well-managed, and diversified portfolio. Individuals are not eligible to participate in the Common Fund.

To be eligible to participate in the Common Fund, a Participant must be a church or affiliated ministry of the Moravian Church in America and tax-exempt under Section 503(c) of the Internal Revenue Code.

Besides the investment management services, the Common Fund provides unit accounting, reporting, and payment distribution services to Participants of the Common Fund. This service is intended to assist Participants in the management of their assets.

The Moravian Ministries Foundation in America is an Interprovincial agency serving both the Northern and Southern provinces of the Moravian Church in America. The function and role of the Foundation is to promote and receive major and planned gifts from charitably motivated individuals who wish to support the mission and ministries of the Church. In addition, the Foundation also promotes institutional stewardship through the services and programs of the Moravian Common Fund. The Foundation is a 501(c)(3) not-for-profit tax-exempt

corporation, chartered in the State of North Carolina. The Foundation's trustees are elected in equal number from the two Provinces and possess all the fiduciary responsibilities associated with the Foundation's charter, by-laws, and mission.

Outside money manager(s) selected by the Trustees of the Foundation are responsible for the investment management of the Common Fund. The Manager(s), under the supervision of the Foundation, are responsible for (1) managing and maintaining custody of assets contributed by the Foundation, its affiliates, and the Participants; (2) administering the Common Fund; and, (3) carrying out its duties in compliance with the policies of the Foundation and applicable laws.

Assets placed in the Common Fund continue to be 'owned' by the Participants not the Foundation or the Manager(s). Therefore, it is the Participants' responsibility to comply with any restrictions on the investment and/or use of such assets.

INVESTMENT INFORMATION

The goal of the Common Fund program is to provide Moravian churches and affiliated agencies an efficient way to invest long-term assets. Each organization will have the option to select one of the Common Fund's asset allocations that is appropriate for the endowment(s) and/or permanent fund(s) owned by the organization.

When selecting the allocation, each organization should consider its own specific situation, including but not limited to return requirements, risk tolerance, spending requirements, and time horizon. The Manager(s) and the Foundation will implement the allocation chosen by the Participant. The Manager(s) shall make every effort to maintain the investment ratio described in each fund's investment policy statement, but from time-to-time, conditions may exist or occur that affect the ratio. Therefore, the Manager(s) have the flexibility to respond to these conditions, so long as there is a plan to bring the portfolio into compliance with the Fund's applicable investment ratios and the Foundation's policies.

To implement the asset allocation, the Foundation has created investment funds.

Pooling: Participants' investments are pooled in the available funds with investments made by other Participants, according to the allocation selected by each Participant, and which are authorized by law to be jointly invested. The purpose of pooling is to permit the collective management of the Participants' investment assets and the collective administration of their investment activities. Pooling allows for diversification and generates efficiencies, which Participants may not be able to achieve independently. However, there is no assurance that pooling will increase investment returns. Moreover the historical rate of return of the Common Fund and its investment vehicles is not a predictor of future results.

- **Investments:** The invested portion of each fund consists of a diversified portfolio, allocated among a broad range of asset classes, which are consistent with the “Endowment Management Policies & Program Standards for the Moravian Common Fund” (Attachment A) that are issued by The Foundation.
- **Investment Policies:** From time-to-time, the Foundation will review and evaluate the investment policies of the Common Fund’s investment pools. Approved amendments to the policies shall be distributed to the Participants within 30 days of adoption and shall go into effect on the day they are approved by the Trustees.
- **Investment Manager(s):** In addition, the Foundation will monitor and evaluate the performance of the Manager(s). Any decision or action to change the Common Fund’s strategy or the Managers’ day-to-day management of the Common Fund rests solely at the discretion of the Foundation; however, all Participants will be notified in writing prior to any change(s).
- **Additional Disclosure:** Copies of any annual prospectuses of funds used by the Common Fund will be made available by the Investment Manager(s) upon request. The Manager(s) are prohibited from practicing so-called “market timing” investing. The Foundation, in overseeing the Funds and Manager(s), has an obligation to act in good faith and consistent with applicable law.

Finally, the investment in securities and other assets involves risk and it is expected that the value of the Common Fund’s assets will fluctuate over time. There can be no guarantee that the net asset value of a Participant’s units in the Common Fund will not decline significantly, or that the investment will earn any particular level of return by investing in the Fund. In the event of an inability of the account to make distributions expected to be received by a Participant, the Foundation would have no obligation to make, nor would it be permitted to make, any distributions or other payments from the Foundation ‘s own assets.

- **Reporting and Transactions:** The Foundation will provide at minimum an annual accounting of market values and transactions to each Participant invested in the Common Fund. In the event a Participant has more than one account, the Foundation will provide a report for each. Contributions are allowed throughout the month and will be invested within five business days of their receipt by Investment Manager(s). Withdrawals must conform to the policies of the Foundation. There are no specific charges assessed in connection with regular contributions or withdrawals.

Unscheduled distributions are permitted; however, a duly authorized representative of the Participant must provide a written request to the Foundation. Requests received more than ten (10) calendar days prior to month-end will be processed in the month in which they are received. Requests received less than 10 calendar days prior to the end of the month will be processed in the following month.

- **Termination of Participation:** A Participant may terminate participation for any and all accounts in the Common Fund by providing sixty (60) days written notice to the Foundation; after which all funds in the account or accounts, less fees and expenses, will be returned to the Participant.

The Participant's written notice must be signed by a duly authorized officer, certifying a vote by the Participant's governing body to terminate participation in the Common Fund, or to terminate an account or accounts. No assets will be distributed unless there is written certification.

- **Federal Securities Laws:** The Common Fund is not deemed an investment company and therefore is not registered under the Investment Company Act. The Foundation is also not deemed an Investment Advisor and is not subject to the Investment Advisors Act of 1940, as amended. The Common Fund is exempt from registration requirements of the federal securities laws, pursuant to exemption for collective investment funds and similar funds maintained by charitable organizations under The Philanthropy Protection Act of 1995, as amended, and the information in this statement is provided to Participants in accordance with the requirements of that Act.

COSTS

As is common with most investments, there are certain costs incurred for the management and administration of the Common Fund. The investment pools will be charged based on the total market value of the assets in the pool. In addition, the Foundation assesses a fee to cover its costs relating to program development, management, marketing and servicing expenses associated with operating the Common Fund.

The Management Fee for participating in the Common Fund is included in the Foundation's published fee schedule. Fees are assessed monthly, on a pro-rated basis. The fee applies to both Participants who fully invest in the Common Fund when a new subaccount is created, and to those who chose to dollar-cost average into the market and have the Foundation hold their money and invest an amount each month at an agreed-upon schedule. This fee covers the cost of

marketing, investment advisory, investment management, unit accounting, reporting and payment management services.

At the fall meeting of the Foundation, the Trustees will examine the fee, in light of expected revenue and expenses, and will declare the amount of the annual fee for the upcoming year. Within thirty (30) days of this action, The Foundation will communicate to Common Fund Participants any changes to the published fee schedule for the year beginning on January 1.

Imbedded expenses, which pertain to the care, custody, and administration of the products used by the Common Fund, are disclosed in the legal documents for each investment and are not included in the Common Fund Management Fee. These expenses are directly charged and deducted prior to the reporting of net performance of the products.

The Foundation reserves the exclusive right to terminate a Participant for failure to pay, in full, the annual fees and expenses. In those instances when a Participant is terminated, its assets will be withdrawn from the Common Fund and returned after all outstanding obligations are paid.

PARTICIPANT INFORMATION

The consequences of an investment are dependent in significant part on each Participant's particular circumstances. The general discussion set forth above does not address every issue nor does it take into consideration a Participant's specific financial situation. Before participation in the Common Fund, Participants are urged to review all information provided by the Foundation and the Manager(s) to assure that the Common Fund is compatible with the Participant's mission and ministries.

THE PARTICIPANT AGREES TO COMPLY WITH THIS DISCLOSURE STATEMENT AND AGREEMENT AND TO THE POLICIES AND GUIDELINES GOVERNING THE MORAVIAN COMMON FUND, SET FORTH BY THE **MORAVIAN MINISTRIES FOUNDATION IN AMERICA** (address: 119 Brookstown Avenue, Suite 305, Winston-Salem, NC 27101). LIKEWISE, THE FOUNDATION AGREES TO CARRY OUT ITS DUTIES AND RESPONSIBILITIES IN ACCORDANCE WITH THIS AGREEMENT AND THE FUND'S GOVERNING POLICIES.