

Commentary: Minding the mission during uncertain times

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EDITOR'S NOTE: [HighGround Advisors](#) is a partner of the Baptist Standard.

Your mission is important. In the span of eternity, our lives are a mist, but what we do with the time we're given has an eternal impact.

By God's grace, your work matters. Maybe like many, you are considering what "work" looks like in the face of a global shutdown. Amid crisis and uncertainty, how will the mission carry on?

Flexible focus

January feels like a year ago, doesn't it? Perhaps your church, ministry or nonprofit set goals or cast a strategic vision for 2020. At HighGround Advisors' all-staff vision meeting in February, leadership revealed the theme chosen to guide our work in the year ahead: *Flexible Focus*.

Only a month after unveiling our theme, an unforeseen pandemic swept the globe, putting every organization's flexibility to the test.

Just as you now are adapting to new work environments, overcoming new challenges and finding new ways to focus on your mission, we are maintaining a flexible focus to serve our clients best through these uncertain times. And we're no stranger to uncertain times.

In fact, HighGround Advisors—formerly Baptist Foundation of Texas—was born out of need during the Great Depression to offset the crippling economic disaster that threatened the existence of Texas Baptist

universities, schools, children's homes and hospitals.

Since 1930, we have worked to enable Baptist institutions to carry out their mission by providing comprehensive services in investment and asset management, charitable gift planning and matters unique to tax-exempt organizations and the individuals who support them.

Today, we are proud to continue working with Texas Baptist institutions and ministries, and we serve over 450 faith-based nonprofits, churches, charitable beneficiaries and charitably-minded individuals. Their mission matters.

As we work with our partners to ensure their work continues, I'd like to share our investment outlook and philosophy in the hope it will serve your mission during these times, as well.

Investment outlook and philosophy

Entering 2020, we expected modest positive recovery in the global economy and markets. Now, with the uneasiness surrounding the continued spread of COVID-19, we are facing a global recession. However, we are hopeful maximum disruption will be constrained to the second quarter, depending on how quickly the spread and infection rate of the coronavirus can be controlled.

While uncertainty likely will continue to fuel short-term volatility in the markets, we believe HighGround is well-positioned to face this challenge. For example, the S&P 500 was off 19.6 percent at the close of the first quarter, its worst quarter since 2008. In contrast, HighGround's Capstone Endowment Fund, one of our three predesigned endowment solutions, was down only 10.5 percent for the first quarter, demonstrating the advantages of strong diversification during short-term market disruptions.

Strong diversification is just one of five core tenets on which our endowment investment philosophy centers.

1. Asset allocation

Asset allocation is the single largest driver of investment risk and performance. Studies have shown more than 90 percent of an investment portfolio's return variability is due to asset allocation, with less than 10 percent coming from security selection and other investment decisions.

2. Global diversification

We advocate for diversification across the full, global opportunity set of investments in both public and private markets to temper volatility and, importantly, protect asset value when capital markets experience dramatic downdrafts.

3. Capturing long-term market risk premiums

At the heart of our investment philosophy is our belief capital markets typically reward investors over time. Investors with well-diversified portfolios realize these rewards when market risk exposures are aligned properly with investment time horizons and risk tolerances.

4. Active management

We have been using active investment management for more than 35 years but view passive management as the starting point or default option for all asset classes. Active investment management must be justified economically and used only where the likelihood of outperforming passive index benchmarks after fees is reasonably high.

5. Disciplined process

A disciplined investment process ensures effective strategy development,

implementation and oversight. Our highly disciplined investment program is based on our belief that fundamentally sound investment and risk management practices, when applied consistently, improve the ability to meet your investment objectives.

On mission together

It has been inspiring to see how our partners have adapted their focus creatively and flexibly to fulfill their mission during this “disruption.” Churches are livestreaming gospel messages directly into homes around the world. Our ministry partners are developing new ways to connect with and serve those in need. Our educational partners are teaching their students using online curriculum.

We do not know what tomorrow will bring, but Romans 8:28 reminds us God is not surprised by our circumstances. He is working through them, as always, for our good and his glory. We can work for his glory, too.

Whatever challenge you face in pursuit of your mission, HighGround is here to serve you. For 90 years, we have served Texas Baptists, and our flexible focus enables us to continue serving with professional excellence.

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