

# LCMS Foundation

TODAY | TOMORROW | FOREVER

## Investing Your Congregation's Endowment Fund Assets



# LCMSFoundation

TODAY | TOMORROW | FOREVER

Established by the LCMS in 1958.

The Foundation is the only LCMS organization  
that offers the  
investment expertise  
and  
gift planning services  
to help you  
establish,  
manage,  
and grow  
the Gloria Dei Lutheran Church Foundation.



# LCMS Foundation Governance

The Foundation member **ministry representatives** meet annually to review the Foundation's annual report and elect the board of trustees.

- One member from each of the 35 LCMS districts
- One member from each the 8 Concordia Universities
- One member from each of the 2 LCMS seminaries
- One member from other LCMS entities  
LHM, LWML, CUS, CPH, CPS, CHI, LCEF
- Five members at large appointed by the Synod



# LCMS Foundation Board of Trustees

Board members can serve up to four three-year terms.

**Mr. Russell Harms**

Chairman  
Chief Financial Officer (Retired)  
Hospital Corporation of America  
Brentwood, Tennessee

**Mr. Melvin Faulker**

Director of Business Unit Testing  
& Monitoring  
Discover Financial Services  
Huntley, Illinois

**Mr. Timothy Sheldon**

President – Caribbean and Latin America  
Marriott International  
Moatsville, West Virginia

**Carol Hack Broome**

Financial Associate  
Thrivent Financial  
San Jose, California

**Charles (Ross) Bartley**

President  
Derby Capital LLC  
Bellaire, Texas

**Rev. Robert Weinkauff**

Pastor  
Risen Savior Lutheran Church  
Basehor, Kansas

**Rev. Kevin Robson**

LCMS President's Representative  
Chief Mission Officer  
LCMS Inc.  
St. Louis, MO

**Mr. Russ Stroh**

Ex-officio member  
LCMS Executive Director of Accounting  
St. Louis, MO

**Mr. Greg Miller**

Secretary  
Wealth Planning Strategist  
Wells Fargo Advisors  
Saint Louis, MO

**Kirk Mattes**

Former Development Director  
Lutheran Senior Services  
St. Louis, MO

**Ms. Kay Kreklau**

Vice President, KodaBank  
Drayton, North Dakota

**Mr. Brian Fricke**

Wealth Manager  
Financial Management Concepts  
Winter Springs, Florida



# LCMS Foundation Leadership Team



**Phil Krupski**  
Sr. VP for  
Gift Planning Services



**Dave Fiedler**  
President



**Mark Cannon**  
Sr. VP for  
Finance and Administration



**Tina Clasquin**  
Sr. VP for  
Trust Services and Customer Support

800.325.7912  
[www.lcmsfoundation.org](http://www.lcmsfoundation.org)

4



# LCMS Foundation

## Trust and Investment Services



Tina Clasquin, Sr. VP

Each investment account is assigned to one of the Foundation's five trust administrators. These individuals will allow you to focus on your ministry's mission and know that your invested assets are in the capable hands of fellow LCMS Christians who have the training and experience to support you. They are here to serve you. They will help you with reports, changes to your portfolio weightings, investment additions and withdrawals.



Liz Trost



Wayne Sell



Shelly Herzog



Kerry Knipp



Ronna Stropnik

800.325.7912

[www.lcmsfoundation.org](http://www.lcmsfoundation.org)



# LCMS Foundation

## Trust and Investment Services

- The Foundation manages about **\$1,000,000,000** (\$1 Billion) on behalf of LCMS donors and LCMS ministries.
- This is accomplished under the guidance and advice of the
  1. Foundation's Board of Trustees
  2. through their Investment Committee
  3. and in counsel with their **investment advisor, NEPC.**





## **New England Pension Consultants**

NEPC is a firm based in Boston, MA with over 400 clients and nearly \$1.3 trillion in assets under advisement.

They advise 154 endowments and foundations with 94 billion in assets.  
nepc.com

### **NEPC helps the Foundation Board of Trustees:**

- Formulate the investment policy
- Structure the investment program
- Select the asset allocation targets
- Select the asset managers
- Evaluate asset managers performance

The Foundation partners with Concordia Plan Services in using NEPC. CPS has \$3 billion in assets along with the Foundation's \$1 billion. This partnership saves the Foundation about \$400,000 in investment fees.



# LCMS Foundation

## Investment Philosophy

- It is not possible to time market cycles.
- Capital markets revert to the mean over long time periods.
- Fees have a meaningful impact on returns.
- Asset allocation has the most significant impact on investment results.



# Fund Managers



What do fund managers do?

Fund managers invest in specific asset classes and research stocks and bonds in those respective asset classes in order to find opportunities to invest in holding that will achieve superior risk-adjusted returns. The Foundation fund managers have varying strategies and approaches.



# LCMS Foundation Investment Account Fee Structure

The LCMS Foundation has hired a number of experienced investment management firms to invest the assets entrusted to the Foundation. The management fees paid to these managers are charged to their respective accounts at one-twelfth the rate each month, reducing the net income distributed to the holders of the fund. The blended annual management fee reduction in distributable income from the Standard Funds is as follows:

Money Market	0.00%	Moderate Balanced	0.27%
Fixed Income	0.26%	Aggressive Balanced	0.28%
Conservative Balanced	0.27%	Equity	0.29%

**All returns are net of fees shown above. These charges do not show up on your account statements.**

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All investment accounts are also charged administration and reporting services fees on a monthly basis. The schedule for these annual fees for accounts invested in the Foundation's standard funds is:

0.55% on the first \$1,000,000

0.45% on the next \$9,000,000

0.35% on all \$15,000,000

Negotiable thereafter

**These fees show up on your account statements.**

**Example – A \$500,000 investment account x 0.55 = \$2,750 annual fee charged at \$229.16 monthly**

\$5,000 minimum initial investment per account.

\$250 minimum for additional investments.

You may have multiple investment accounts.

Each account will have it's own identification.

Up to 30 days may be required for withdrawals from accounts.



# Structure

# Preference FUNDS

## INVESTMENT OPTIONS

<i>Money Market</i>	This is a fund holding short-term securities.
<i>Core Bond</i>	A fixed income fund that invests primarily in government issues, mortgage-backed securities, and investment grade corporate bonds with a wide range of maturities. The fund is designed to provide exposure to the broad domestic fixed income market as represented by the Barclays Aggregate Index. These bonds are investment grade, rated BBB and higher. <b>Managers:</b> JP Morgan, Prudential
<i>High Yield Bond</i>	A fixed income fund that invests in bonds that are lower in quality, and pay interest rates that are higher than investment grade bonds. Bonds in this fund are primarily rated BB and B, the two grades immediately below the lowest investment grade rating of BBB with a limited exposure to CCC. These assets consist primarily of corporate bonds, with some exposure to bank loans. <b>Managers:</b> Fort Washington, Credit Suisse, Nomura
<i>Domestic Equity</i>	An equity fund that invests in common stock issued by domestic corporations and traded on domestic exchanges. The fund is designed to provide exposure to the entire domestic equity market as represented by the Russell 3000, with market weight- ing of size (large capitalization versus small capitalization) and style (value versus growth). <b>Managers:</b> Jacobs Levy, INTECH, BlackRock, Peregrine, Wellington
<i>International Equity</i>	An equity fund that invests in common stock issued by foreign corporations and traded on foreign exchanges. The fund invests in securities of both developed and emerging markets. Fund performance is impacted not only by the securities held, but also by the fluctuations in currency exchange rates. <b>Managers:</b> BlackRock, Marathon, MFS, OFI, Aberdeen, AQR

# Structure

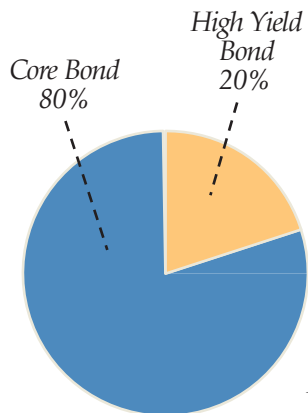
# Standard FUNDS

The Standard Funds are comprised of Preference Fund blends to accomplish specific investment objectives based on an organization's risk preference and time horizon. Each of the Standard Funds is re-balanced monthly to match investment portfolio asset class targets. They are highly diversified to maximize return and minimize risk.

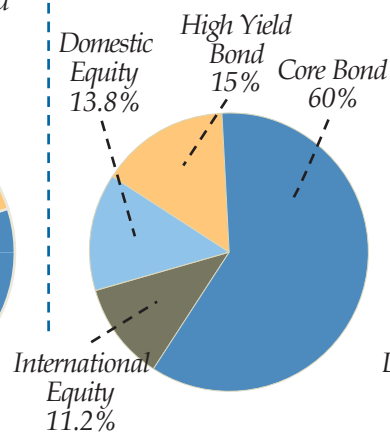
## INVESTMENT OPTIONS

<i>Fixed Income</i>	<i>Conservative Balanced</i>	<i>Moderate Balanced</i>	<i>Aggressive Balanced</i>	<i>Equity</i>
100% Fixed Income	75% Fixed Income 25% Equity	50% Equity 50% Fixed Income	75% Equity 25% Fixed Income	100% Equity
80% Core Bond 20% High Yield	60% Core Bond 15% High Yield 13.8% Domestic Equity 11.2% International Equity	40% Core Bond 10% High Yield 27.5% Domestic Equity 22.5% International Equity	20% Core Bond 5% High Yield 41.3% Domestic Equity 33.7% International Equity	55% Domestic Equity 45% International Equity

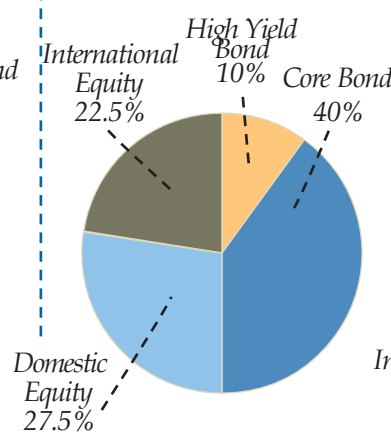
**FIXED INCOME:** A fixed income portfolio holding a broad range of investment grade bonds and higher quality, non-investment grade bonds. The portfolio's focus is income generation.



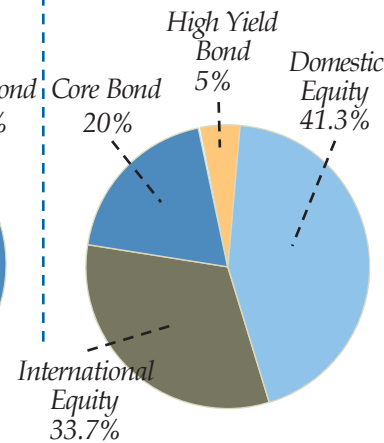
**CONSERVATIVE BALANCED:** A blended portfolio that holds both fixed income and equity securities. This portfolio has a high exposure to fixed income, focusing primarily on income generation with a limited potential for growth.



**MODERATE BALANCED:** A blended portfolio that holds both fixed income and equity securities. This portfolio is more evenly balanced between fixed income and equity, providing modest income generation and potential for growth.



**AGGRESSIVE BALANCED:** A blended portfolio that holds both fixed income and equity securities. This portfolio has a high exposure to equity, focusing primarily on potential for growth with limited income generation.



**EQUITY:** An equity portfolio holding both U.S. stocks, and foreign stocks in developed and emerging markets. The portfolio's focus is long-term growth.

