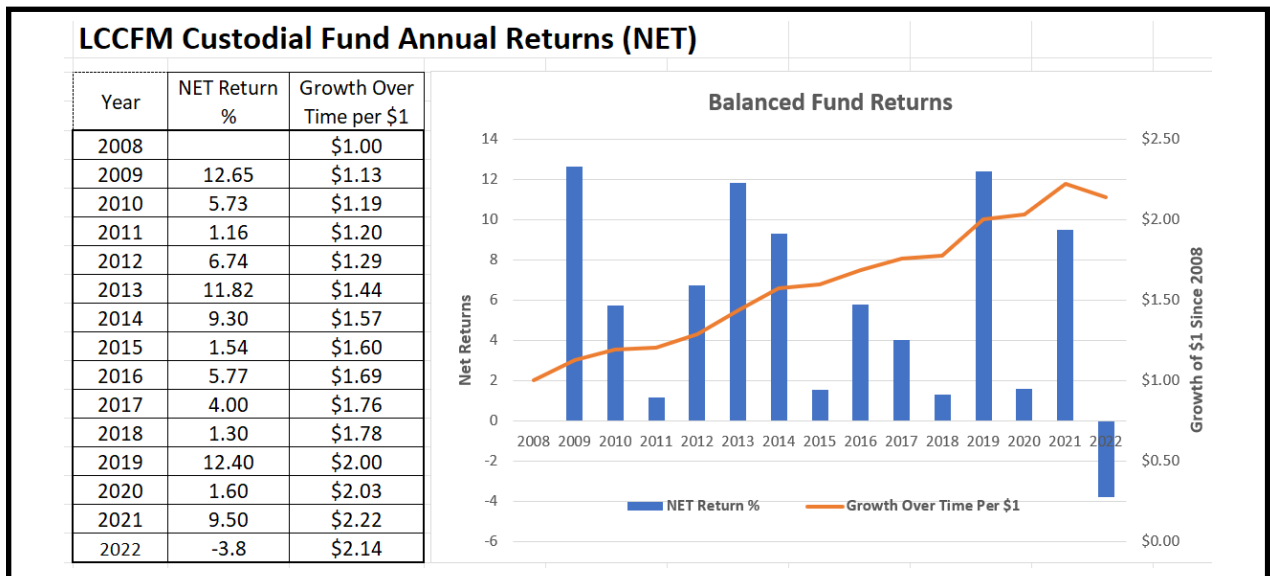




Custodial Fund Investments

Lutheran Foundation Canada has approximately \$23 million in assets under management, with \$10 million invested as 'endowment' funds and \$13 million invested as 'custodial' funds. Whereas *endowments* are established with funds gifted to the Foundation and typically invested into perpetuity, *custodial* funds are not donated, but only transferred to the Foundation for investment purposes. These funds may be returned to the investing organization at any time. Both types of funds are invested using similar strategies.

As a service to only the member congregations and organizations of Lutheran Church – Canada's synodical family, the Foundation accepts funds (\$25K min.) for investment purposes, pooling them with other similar funds in the Foundation's Custodial Investment Accounts. Based on recommendations from our investment consultant (Ellement Consulting), the Foundation diversifies these investments across multiple asset classes also using several different investment managers (TD Asset Management, Romspen Commercial Mortgages, Mawer Investment Management, and CI HarbourVest). The pooling of invested funds not only creates substantial economies of scale, which enables the Foundation to enjoy significant savings in investment management fees, but also provides access to investment opportunities unavailable for smaller investment amounts. Since 2009, investment returns for Custodial Funds in the Balanced Mandate have averaged 5.69%, NET investment fees. For the first time since 2008, investment and administration fees of 0.5% will increase in 2023 to 0.7% each. The chart below shows annual performance by year, and the accumulated value over time, for each dollar invested in 2008.



It is important to understand that investment returns vary with changing market conditions, as such, past performance is no guarantee of future returns. As seen in the chart above, for every dollar invested in 2008, that investment has more than doubled and in 2023 is now worth \$2.14. Although 2022 posted a negative return of minus 3.8%, this compares very favourably to the TSX which returned minus 8.9%. If markets continue to fluctuate as they have in the past, even investments initially made in early 2022 suffering a loss of capital, should experience a similar pattern of growth.

To learn more about the Foundation's Custodial Funds, please visit our website at www.lutheranfoundation.ca. You can download our *Custodial Fund Agreement and Investment Policy Statement* from our Resource page. If you have any questions, please call 877-711-4438.